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The Bulletin

National Association of Stone Manufacturers

FOR ADVANCEMENT AND DEVELOPMENT OF
EFFICIENT, ECONOMICAL AND DURABLE

STOVES AND RANGES

OFFICERS:

PRESIDENT. - FREDERICK WILL. - ROCHESTER, N. Y.
VICE-PRESIDENT. LEE W. VAN CLEAVE. - ST. LOUIS, MO.
VICE-PRESIDENT. ROBERT LEACH. - TAUNTON, MASS.
TREASURER. - CHAS. F. MERTZ. - ROCHESTER, N. Y.
SECRETARY AND COST EXPERT.
F. J. STEPHENSON, HOOSICK FALLS, N. Y.

COMMUNICATIONS SHOULD BE

SENT TO

F. J. STEPHENSON

SECRETARY

HOOSICK FALLS, N. Y.

EXECUTIVE COMMITTEE

CHAIRMAN. CHAS. A. DU CHARME.	-	DETROIT, MICH.
RICHARD E. WARNER.	-	TAUNTON, MASS.
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EX-OFFICIO

FREDERICK WILL

F. J. STEPHENSON

Vol. 4.

Hoosick Falls, N. Y., September 1, 1917.

No. 3

Government Business.

The various branches of the United States Government and organizations allied with the Government have purchased probably \$5,000,000 worth of heating and cooking appliances, exclusive of steam heating; and it is probable, in fact certain, that additional goods will be required.

This Association undertook to assist the Government in procuring heating and cooking appliances for the new cantonment buildings, but it had nothing whatever to do with purchases for other purposes. The sales for the cantonments will approximate \$3,000,000.

Other purchases have been made through departments for various branches of the service, and it may be interesting to receive a little more insight into this matter.

The Navy Department does its own purchasing. Purchases are made through the Bureau of Supplies and Accounts, United States Navy Department, State, War and Navy Building, Washington, D. C. At the request of the head of this Department, they were supplied with a list of the manufacturers of our various lines of goods, and inquiries should be directed as above. The Marine Corps have required a few goods and have made their own purchases. I believe their headquarters are in the Southern Building, Washington, D. C.

The Army has required the most goods, and most of the purchases for the Army are made through the Quartermaster's Department. An exception to this, however, has been the purchases made by the Signal Corps for use in the new aviation camps. In fact, these purchases were made by the contractors at the several camps, but the details were handled by the Signal Corps from its office in the Southern Building, Washington, D. C.

Tent stoves were purchased by the Commanding Officer, Schuylkill Arsenal, Philadelphia, Pa., and by the Depot Quartermaster at Jeffersonville, Ind. Field ranges, which were required in great number, and army ranges for general use of the Army were also purchased

by the Depot Quartermaster, Jeffersonville, Ind. The Depot Quartermaster at Jeffersonville, Ind., regularly purchases all heating and cooking appliances for the Army, and he has also purchased a number of heaters for the various permanent camps.

When the writer left Washington last week, it was not yet determined who should do the purchasing for some of these permanent camps, and he was given the impression that there was likely to be a call for additional heaters and ranges.

Purchases for use in cantonments, which are being erected for the new National Army, have been made through the Officer in Charge of Cantonment Construction, Adams Building, Washington, D. C. It is only with this branch of the Quartermaster's Department that this Association has had direct dealings.

In addition to the foregoing, many purchases have been made by the Y. M. C. A. This organization is establishing recreation camps, etc. It is understood that efforts are being made by the Knights of Columbus and other organizations for similar establishments, and there is no doubt that additional goods of this class will be required. No mention has been made for hospitals which have been or are being established by private funds.

All this has created an unusual demand upon our industry, and it is hard to predict what the result will be as related to the supplying of our customers. It is quite evident that there will be a strong demand for our goods during the closing months of the year, although the natural demand has doubtless been reduced by reason of the decline in regular building operations and the curtailment of expenditures.

Necessity for Increased Selling Price.

Some days ago I visited a meeting of one of our local associations, and when asked to comment on the present prices of our goods, I gave every man present a cost sheet, and we sat down together and figured the cost and selling price of a certain stove for the year 1915. We then figured the same stove at present prices of materials and labor, and added our profit. Many of the manufacturers were surprised to learn that this stove would have to be sold at an increase of over 91 per cent over the 1915 selling price in order to realize a profit at the present cost of supplies.

This illustration was so graphic and so convincing that I have been urged to make a similar presentation before various local associations, and have accepted invitations to attend local meetings on the following dates: Chattanooga, September 3; Columbus, September 6; Scranton, September 11; Chicago, September 13.

As we approach the close of the year and find our materials and supplies, purchased before the rise in prices, becoming exhausted, and as we face the shortage in the labor market and increased expenditures in every department of our business, we realize that we must take careful note of all these things and must adjust our selling prices to meet these changed conditions.

I am convinced that many of our manufacturers do not realize the gravity of the situation, since, in most instances, they are not fully advised as to the actual increase in the cost of their goods.

Car Records.

Through the courtesy of the Railway Business Association, I am enabled to send you a sample sheet of Car Record.

This is gotten out with a view to hurrying the unloading of cars, but it affords a lot of useful information, and so appealed to the writer that he procured these copies for distribution.

Additional copies can be procured at \$1.10 per hundred sets, plus express charge, by addressing Railway Business Association, 30 Church Street, New York.

The Annual Report.

A few days ago you received your copy of the Annual Report. Whether you attended the meeting or not, some articles in this Report deserve your careful reading.

While proofreading it I was particularly impressed with the very short talk by Mr. Edward F. Hill on the subject of Finance. It will be found quite near the end of the book. Look it up.

The talks by Mr. Hurley and Mr. Hughes are particularly worthy of another reading.

There are also some new advertisements which look well.

It cost nearly \$400 to get this report into your hands. Don't throw it aside. It contains valuable information for some of your employees.

The Local Associations.

The Secretary of the Southern Association of Stove Manufacturers is issuing a monthly Bulletin full of pep and ginger. Do you know that these manufacturers are billing their goods at two per cent discount ten days?

Our Local Associations are all doing unusual work, and the manufacturers are realizing, more than ever before, the advantages of trade conventions.

Serbia Wants Stoves.

This office is in receipt of a letter from the Serbian Military Economic Division, 87 Bulgaroctone Street, Salonica, Greece, requesting particulars regarding stoves and ranges offered for sale.

The termination of hostilities in Europe and the return to civic life is sure to require an unusual supply of household goods of all classes, and it offers a rare opportunity for the introduction of American-made goods.

Any manufacturer desiring to do so is requested to communicate direct with the above address, sending catalogs and descriptive matter.

War Contracts.

An interdepartmental conference of representatives from the Bureau of Foreign and Domestic Commerce, the War Department, the Navy Department, the Federal Trade Commission, the Council of National Defense, and the Food Administrator, has made recommendations regarding war contracts. The results of the conference are described in a pamphlet, containing recommendations on cost accounting methods, general definitions of cost, specific definitions of cost, methods of collating cost data, and an appendix on depreciation, together with a standard form of cost-and-profit contract, and straight purchase-and-sale contract. This pamphlet may be purchased from the Superintendent of Documents, Washington, D. C., for five cents. It is entitled "Uniform Contracts and Cost Accounting Definitions and Methods."

Coal Conservation.

The Committee on Co-operation within the Council of National Defense has, through the Chamber of Commerce of the United States, issued a pamphlet entitled "Reduce the Coal Requirements."

After pointing out the difficulties attending the present coal supply, they state:

"Public obligation and selfish interest combine today to make this the time for business men to undertake a long delayed concerted effort to improve power-house practice. All should act together, so that no one may suffer because someone has been wastefully extravagant in the use of coal. The Bureau of Mines in the Department of the Interior has made a study for years of stoking methods. Elaborate investigations and experiments have been

conducted, and the results of what has been done are available to every user of coal. Among their technical papers, which may be had on request, are: Technical Paper No 80, 'Hand Firing Soft Coal Under Power Plant Boilers,' and Technical Paper No. 97, 'Saving Fuel in Heating a House.' The Director of the Bureau of Mines desires that users of coal call upon this Division of the Government for advice and assistance."

This appeal should meet a ready response from every stove and furnace manufacturer, as we are interested both in the conservation of fuel in our own plants and in distributing advice to our customers on the best methods of conserving coal in the use of our appliances.

It is believed that every manufacturer who has not done so should obtain copies of these publications and make the best possible use of them. This thought is in line with the remarks of ex-President Moore in his annual address, which you have no doubt just been reading in the Annual Report of Proceedings.

Trade Acceptances.

From different quarters we are hearing more of efforts on the part of our manufacturers to introduce Trade Acceptances. It is being found that where Trade Acceptances are sent out with invoices, a fair majority are being signed and returned. If all our manufacturers will adopt the practice of sending them with their invoices, it is believed that in a comparatively short time the method will become popular with their customers. It is appreciated that it requires time to develop any new business method.

The Trade Acceptance method of making collections is obviously a sound business practice. It is beneficial to both manufacturer and customer and is warmly endorsed by all who have used it for a considerable period. This being true, there is every reason to urge our manufacturers to adopt this method without delay.

OBITUARIES

Jacob Fischer.

Jacob Fischer was born March 16th, 1848, in Schoneau Rheinpfalz, Germany. He emigrated to America during the year 1870, his first stop being at Ripley, Ohio, with relatives. As there were no foundries there, he, being a moulder by trade, removed during the same year to Evansville, Indiana, where he made his home until he died.

With Hon. John W. Boehme and Charles Schrader he organized the Indiana Stove Works during the year 1881. He had been active in the management of the business referred to ever since, and at the time of his death he was President and Superintendent of the company.

His death occurred Friday, July 27th. Surviving him are his widow, three daughters, Marie, Helen and Emily, and a sister, Mrs. Kate Bucholz, Henderson, Ky.

This Association extends to the Indiana Stove Works their sincere regrets and sympathy.

George W. Robertson.

It is with deep regret that we report the death on August 18, 1917, of George W. Robertson, Treasurer of the Southard-Robertson Company of New York City.

Mr. Robertson was a young man, not yet thirty years of age. He had been active in the above corporation since he attained his majority in 1908, having inherited his father's interests.

He was a young man with unusual opportunities and gave much promise for a useful future in the company with which he was associated. We extend to them our sincere sympathy in their loss.

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Vol. 4.

Hoosick Falls, N. Y., November 1, 1917.

No. 5

COAL CONSERVATION

(Special attention is invited to Paragraph 3.)

This office has had correspondence with the Patriotic Education Society of Washington, looking toward ways and means of conserving the national fuel supply, especially coal.

Every stove manufacturer is interested in a campaign of education which would increase the efficiency of those who use our product. It is appreciated by manufacturers that many users of coal stoves consume much more fuel than is necessary.

If a national educational campaign is undertaken to conserve coal, it would doubtless be used by competitors in other lines of cooking and heating apparatus to encourage the sales of their products. This can be offset in a large measure if we will collect data in the way of instructions and advice to users of coal stoves and furnaces which might be useful in a campaign of this kind. Nor would such an effort be wholly selfish, as there is a pressing need for the conservation of fuel, and we could contribute to this end.

If our members will send in their contributions on this subject, we will undertake to compile them and use them to the best interests of the nation and the industry.

The Bureau of Mines is already sending out information on this subject and

appealing to all manufacturers and householders to enter into a campaign for the saving of fuel. A recent article calls attention to the following points:

“Americans have been as wasteful of coal as of other resources, largely because coal has been abundant. To many consumers it has seemed hardly worth while to give time and thought to the saving of coal.

“Conditions have suddenly changed. Today it is everybody’s business to save coal.

* * * * *

“If the consumers can be aroused to an intelligent consideration of the burning of coal, they can begin to save ten per cent. of the production (600,000,000 tons) at once.

* * * * *

“About fifteen *million* people shovel the twenty per cent. of our coal used for domestic purposes.

* * * * *

“We must appeal to the householder to save coal.

* * * * *

“The householder must realize that when he throws a shovelful of anthracite coal into his furnace its value is equivalent to half a pound of sugar, or half a loaf of bread, or a pint of milk. He must appreciate that it is worth while to examine his house and overhaul his heating equipment. Weather strips, double windows, pipe coverings, clean flues and chimneys, and tight fittings in ashpit, doors, dampers and furnace parts will all pay. Damper control is one of the chief secrets of economical heating. Clean surfaces are most essential, *as soot is a poorer conductor of heat than asbestos*. Care, attention and taking pains will be the greatest factors in saving domestic coal”

PRIORITIES

The following article was received from the Chamber of Commerce of the United States:

“With the object of giving precedence to war work and production clothed with a public interest, all manufacturers of iron and steel products have been requested to give priority in accordance with certificates to be issued by the Priorities Committee of the War Industries Board. All work is to be divided into three classes: Class A comprises war work, such as arms, ammunition, ships, etc.; Class B comprises work which, while not primarily designed for the prosecution of the war, is of public interest and essential to the national welfare, or otherwise of exceptional importance; Class C comprises all other orders. All orders henceforth will be classed as C unless covered by certificates of the Priorities Committee. No certificates will be issued for Class C orders.

“Each class will be subdivided still farther, as, for instance, Class A-1, A-2, A-3, etc., in accordance with the precedence within the class to be given to the manufacture of such articles. War orders of the allies and the United States will be placed in Class A-1; orders of the allies already placed will be in Class A-2.

“Applications for Class A certificates will be made to the committee by the contracting officer or agent of the United States or the allies. Applications for

SUPPLEMENT TO BULLETIN
November 1, 1917.

The new income tax law as applied to corporations provides for a graduated War Profits Tax on income in excess of actual profits for the prewar period, 1911, 1912 and 1913, in cases where the average profits for these years was 9% or less of capital invested. Where the prewar profits were greater than 9%, the tax is levied on profits in excess of 9%; less an additional allowance of \$3,000 in each case.

On the remaining profit an income tax of 6% is charged.

A simple illustration of the application of this tax law as applicable to most of our members will doubtless be appreciated. This illustration has been submitted to the Treasury Department and has been approved.

In this example a large profit is assumed to illustrate the use of the graduated scale.

Assume corporation employing capital of \$100,000	
Assume average net income 1911-12-13 was \$15,000 or 15%	
Assume net profit, 1917	\$50,000
Deduct 9% of capital (If prewar profit was less than 9% use the actual amount)	\$9,000
Additional allowance	<u>3,000</u> 12,000
Taxable income	\$38,000
Tax on amount in excess of deductions and not over 10% of capital, \$3,000 at 20%	\$600.00
Tax on amount of profit in excess of 15% of capital and not over 20%, \$5,000 at 25%	1,250.00
Tax on amount of profit in excess of 20% of capital and not over 25%, \$5,000 at 35%	1,750.00
Tax on amount in excess of 25% and not over 35% of capital, \$3,000 at 45%	3,600.00
Tax on amount in excess of 35% of capital, \$7,000 at 60%	<u>10,200.00</u>
Total Excess Profits Tax	17,400.00
Net income subject to income tax \$50,000 less \$17,400 = \$32,600 at 6%	<u>1,956.00</u>
Total Tax	\$19,356.00

The following item was received too late for printing:

"At a meeting of the Maryland and Virginia Association on the 25th inst. the following resolution was unanimously adopted:

"Resolved. That the information at this time available justifies the belief that costs for 1918 will be higher than those of 1917, on account of reduced output (resulting from labor shortage), increased capital required, increased cost of labor, etc.; and that it is therefore necessary to strictly maintain present prices which are entirely justified by present costs.

"Trade Acceptances, shortening of datings for 1918 and close attention to credits on account of the conditions created by the war were discussed.

"Present business was reported as being good, and collections also in good shape."

subsidiary certificates covering materials, articles or work required in the manufacture of Class A products will be made by the contractor to whom the principal Class A certificate has been addressed. A similar procedure will be used in applying for Class B certificates. Application for Class B certificates should be made to the Priorities Committee, War Industries Board, Council of National Defense, Washington, D. C."

Immediately upon receipt of this communication we engaged in correspondence with the Priorities Committee of the War Industries Board, one letter being in part as follows:

"In an effort to avoid unnecessary correspondence on the part of our manufacturers and your office, it is suggested that it might be desirable if you could suggest the classification applicable to these manufacturers and permit me to give this information to them.

"It is our opinion that manufacturers of cooking stoves and heating apparatus should be included in Class B. Our products are household necessities of exceptional importance and essential to the national welfare. Furthermore, the use of good cooking and heating apparatus is vitally important in the promotion of the efforts made by the Government toward the conservation of food supplies. Nothing contributes more to the domestic waste of food and fuel than a worn or inadequate cooking stove or heating apparatus. Any unnecessary delay or interference with the supply of these articles to the public would work a serious hardship."

Their reply is given for your information:

"Your letter of October 15th regarding requirements of stove manufacturers. We believe it is the intention of the manufacturers to take care, as far as possible, of their regular customers; and as requirements of the stove manufacturers call for products that are not going to be used very extensively by the Government, we do not believe there will be any difficulty in securing their usual supply, unless, of course, demands of the Government for war purposes require the steel from which the products used by your members are manufactured. Then, of course, they will only secure a portion of their supply.

"It will be impossible to give an open priority to stove manufacturers, but on any requirements of the United States Government on which members of your association are working, if they cannot secure deliveries on the raw materials so as to meet the requirements of the Government, they should request a priority from the contracting agent of the Government against them, and then they in turn ask for a priority against their source of supply, all of which is fully described in Circular No. 2."

Circular No. 2 can be obtained by making application to Priorities Committee, War Industries Board, Washington, D. C.

MAXIMUM LOADING OF FREIGHT CARS

This is a subject that is having the earnest attention of individuals, organizations and the State and Federal governments, as well as the railroads. Too much importance cannot be attached to the necessity for giving each individual car a load to its maximum capacity (either 10% above the marked capacity or to its full visible capacity). It is estimated that if all cars were loaded to 110% of their capacity this would make an addition of 200,000 cars to the available supply.

REFERENDA

The following Referenda from the United States Chamber of Commerce have been voted upon affirmatively by the Executive Committee of this Association.

Referendum No. 21 on the Report of the Railroad Committee on Questions of Railroad Regulation:

1. The Committee recommends that provision be made for Federal regulation of the issuance of railroad securities.
2. The Committee recommends that Congress pass a general railroad incorporation law under which all railroad carriers subject to the jurisdiction of the Interstate Commerce Commission may organize.
3. The Committee recommends that if Congress passes a railroad incorporation law, all railroad carriers subject to the jurisdiction of the Interstate Commerce Commission, both those now existing and those hereafter to be created, be required to organize under this law.
4. In view of the fact that conflict has arisen with respect to the jurisdiction of the Interstate Commerce Commission over intrastate rates, even though such rates affect interstate commerce—the Committee recommends that the Commission be given authority by statute to regulate intrastate rates when those rates affect interstate commerce.

Referendum No. 22 on the Report of the Special Committee on Control of Prices During War:

1. The Committee recommends additional legislation to create authority to control prices during the war.
2. The Committee recommends that authority to control prices should extend to all articles which have importance in basic industries as well as in war, and which enter into the necessities of everyday life.
3. The Committee recommends that authority to control prices should extend to raw materials and finished products.
4. The Committee recommends that authority to control prices should extend to the prices the public pays as well as those paid by the Government.
5. The Committee recommends that authority to control prices should be administered by a small executive board appointed by the President.
6. The Committee recommends that an agency working in harmony with the board controlling prices should have authority to distribute available supplies to those purchasers whose needs are most directly related to the public welfare.
7. The Committee recommends that each leading industry and trade should create a representative committee to represent it in conference and advise with agencies that control prices and distribution.

MAPS INDUSTRIAL ZONES

War Manufacturers to Use Materials From Their Own Sections

Washington, May 29.—Centres for the twenty industrial zones established by the War Industries Board for the manufacture of war materials were selected today. The aim is to have manufacturing plants in each zone use as nearly as possible raw and partly manufactured materials, which are produced in their own zones. The centres are Boston, Bridgeport, New York, Philadelphia, Baltimore, Cincinnati, Atlanta, Birmingham, Dallas, St. Louis, Rochester, Pittsburgh, Cleveland, Detroit, Chicago, Milwaukee, St. Paul, Kansas City, Mo., Seattle and San Francisco.

A Cost Reminder

The increase in passenger rates recently granted the Railroads adds 20 per cent. or more to your salesmen's traveling expenses.

The increase in freight rates affecting incoming material and freight allowances to customers, and The scarcity and high price of labor, all point to additional costs.

Are you making corresponding advances in your selling prices to offset this?

The War Service Executive Committee of the National Chamber requests its member organizations and all War Service Committees of industries now organized to give the widest possible publicity to the statement on pages 1, 2 and 3 through organization publications and the public and trade press.

In issuing this statement it was not the purpose of the War Industries Board unnecessarily to alarm industries or the public. On the contrary, the policy of the Board is to disturb legitimate business as little as possible, but the statement is issued as a note of warning which the Board feels is due to the industries of the country at the present time. As a statement of general policies already adopted and a forecast of preference lists to be issued in the future, it calls for that careful planning and consideration necessary to forestall serious and lasting injury to non-war industries suddenly faced without preparation with the necessity for immediate curtailment before any thought has been given as to method of reduction and the possibility of converting plant and equipment in whole or in part to the production of articles classified as war necessities.

The War Service Executive Committee assumes the willingness and desire of all industry to conform to those governmental policies and requirements made necessary by the state of war. It invites comment and suggestion regarding operation under the policies of the War Industries Board, and will give its attention to all such comments and suggestions received with a view to transmitting to the Board those points which it believes will be helpful in the administration of these policies.

With the Annual Meeting of the National Chamber held in Chicago in April, committees existing during the previous year expired, but by action of the Board of Directors since that date the Executive Committee of the Chamber has become the War Committee and a sub-committee of the Executive Committee has been constituted as the War Service Executive Committee. The personnel of the War Service Executive Committee for the coming year is as follows:

Harry A. Wheeler, Chicago, Ill., Chairman
Joseph H. Defrees, Chicago, Ill., Vice-Chairman
A. C. Bedford, New York, N. Y.
William Butterworth, Moline, Ill.
W. L. Clause, Pittsburgh, Pa.
L. S. Gillette, Minneapolis, Minn.

WAR SERVICE COMMITTEE OF THE
CHAMBER OF COMMERCE OF THE UNITED STATES.

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TROY. - NEW YORK

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JOSEPH L. ANTHONY - - - TAUNTON, MASS.
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F. PERCY LOTH - - - WAYNESBORO, VA.
ROBERT A. PATTON, - - - PHILADELPHIA, PA.
WILLIAM HENRY WARREN - - - TROY, N. Y.

EX-OFFICIO

FREDERICK WILL

ROBERT S. WOOD

Vol. 5.

Troy, N. Y., May 22, 1918.

No. 1

The Wheels Which Must Not Stop

**The Industries Which Will Receive Preferential Treatment Because
They Are of First Importance in War Time
Defined and Classified.**

By GEORGE N. PEEK, Industrial Representative of the War Industries Board.

[The Nation's Business, May, 1918]

If I am asked the question, "How shall we keep normal industry going as usual and add the big factor of war industry," I confess frankly I do not know.

Let us assume that our normal business is 100 per cent. For this, existing facilities were taxed to the limit before the war. If to normal business we are to add say 25 per cent. more, and our facilities have not been correspondingly increased, one of two courses must be followed: either we must increase our resources or we must shrink normal business to whatever extent is necessary to make room for war business.

To increase our resources is of course the more desirable, but owing to the demands upon the country for men, material and transportation to fight the great war, it is quite impossible.

The other alternative, therefore, admitting that war needs are supreme, is to shrink normal business to whatever extent the exigency demands.

It would seem comparatively simple to make a horizontal shrinkage in normal business to take care of the overload, but some normal business must be kept running to the full and even expanded beyond present proportions to meet war demands; for example, equipment and supplies for the railroads. It follows, therefore, that other industries not directly or indirectly necessary for the prosecution of the war must shrink.

For the purpose of defining those industries considered most vital for the prosecution of the war and the maintenance of public welfare, the following resolution was adopted on April 2 by the Priorities Board, consisting of the chairman of the War Industries Board, the Commissioner of Priorities, and representatives of the Food, Fuel, and Railway Administrations, the Shipping Board, the War Trade Board, the Army, the Navy, and the Allied Purchasing Commission.

BE IT RESOLVED by the Priorities Board, that for the guidance of all governmental agencies (in the supply and distribution of raw materials, finished products, electrical energy, fuel and transportation by rail, water, pipe lines and otherwise), there shall be prepared under the direction of and subject to the approval of the Priorities Board a list of

- (a) Industries arranged by classes.
- (b) Individual plants, whose operation as a war measure is of EXCEPTIONAL IMPORTANCE, and which shall be classified as far as practicable in the order of their relative urgency, measured by the extent of their direct and indirect contribution—
 - (1) Toward winning the war.
 - (2) Toward promoting the national welfare.

BE IT FURTHER RESOLVED, that in the compilation of the list of individual plants two factors shall control:

- (a) The relative urgency of the purpose or purposes, direct or indirect, for which the product of the plant is utilized;
- (b) The per cent. of the product of the plant utilized in direct or indirect war work or work of exceptional and national importance.

BE IT FURTHER RESOLVED, that the said preferetice list be revised from month to month by and under the direction of the Priorities Board.

This list will suggest the character of plants which will receive preferential treatment as necessary war activities. At the top of it stand ships, including destroyers and submarine chasers. Next come air craft, then munitions, military and naval supplies and operations, including building construction for Government needs and equipment for the same.

In their order follow fuel, divided into domestic consumption and manufacturing necessities named in the list;

Food and collateral industries—Foodstuffs for human consumption, and plants handling them; feeding stuffs for domestic fowls and animals, and plants handling them; all tools, utensils, implements, machinery and equipment required for production, harvesting and distribution, milling, preparing, canning and refining foods and feeds, such as seeds of foods and feeds, binder twine, and so on; products of collateral industries, such as fertilizer, fertilizer ingredients, insecticides and fungicides; containers for foods and feeds collatral products; materials and equipment for preservation of foods and feeds, such as ammonia and other refrigeration supplies, including ice;

Clothing for civilian population;

Railroad or other necessary transportation equipment, including water transportation;

Public utilities serving war industries, Army, Navy and civilian population.

This general classification of industries demanding preferential treatment includes in each case all necessary raw materials, partially manufactured parts and supplies for the completion of products.

Now as to the non-war industries in the activities of which must be made those adjustments necessary to conserve the field of war industry. Those adjustments will mean the curtailing of the operation of the non-war industries, or, as an alternative, encouraging non-war industries so to change their operations as to produce war needs, and to that extent convert them into war industries.

Responsibility rests largely with business men engaged in the non-war industries who find themselves unable to operate to capacity. This is their problem more than it is the problem of the Government. Business men must not sit back and wait for Government officials to make constructive suggestions as to how their industry may be operated during the war. The initiative must be taken by them. It is folly for business men to make suggestions which are selfish or which are not based on the good of the country as a whole. Constructive suggestions, however, will meet most favorable consideration.

THE WHOLE INDUSTRY

In procuring the enormous quantities of materials and supplies needed in the war, and in the conversion of industry from non-war to war purposes, the Government needs and welcomes the active assistance and cooperation of business men, that it may have the benefit of their knowledge and experience to the fullest extent. If we are to have a strong industrial country after the war we must start now to put our industries in shape.

Manufacturers with kindred interests, without infringement of existing laws, should consider problems of mutual concern. The aim should be to preserve the structure of each industry, not one manufacturer against another, one city against another, nor one state against another—but the industry itself, regardless of ownership or location.

THE REQUIREMENTS DIVISION

It is physically impossible for us in Washington to treat with each individual manufacturer in each line of industry. Valuable information concerning the industry as a whole is seldom obtainable from the individual manufacturer.

The war service committees of each industry form the best point of contact between the Government and the individual manufacturer, and can do much to assist the Government in its problems, and at the same time to strengthen the industry itself. A noteworthy example is that of the wood-working industry, made up of several hundred manufacturers of furniture, sash, doors, and so on, and represented in Washington by its chairman, Mr. Schravaesande. Through his efforts the Government has been able to place orders for many millions of dollars for parts for army vehicles, thus relieving the overloaded wagon manufacturers, and at the same time helping out the woodworking industries which had been seriously affected by conditions recently existing.

Since Mr. Baruch was appointed chairman of the War Industries Board by the President, he has given much time and attention to the organization of the board in a manner calculated to secure more complete cooperation between the various purchasing departments of the Government and the industries of the country. I will outline this plan briefly.

The fundamental necessity for intelligent action by the board is a knowledge of the Government's requirements as far in advance as possible; and in order to acquire this knowledge there has been formed a Requirements Division of the War Industries Board, to which the various departments of the Government and the Allied Purchasing Commission bring their requirements as soon as they are known.

These requirements are briefly considered by the Requirements Division and passed directly to the commodity sections of the War Industries Board interested in the particular requirements. These sections were created to handle raw materials and finished products of which there is an actual or threatened shortage, or the price and production of which should be controlled, in order that the United States Government, its allies, and the civilian population, may be protected as far as possible.

When the requirements deal with the commodity listed where a shortage exists or where an allocation seems desirable, but for which no regular section has been established, such requirements will be considered by a special section created for such purpose by the Requirements Division, and this special section shall perform the same functions as are performed by the regular commodity section.

Each section chief is charged with the responsibility of collecting from the several departments of the Government, from the manufacturers and from committees representing them, and especially from the War

Service Committee created under the supervision of the Chamber of Commerce of the United States, and from any and all other reliable and available sources, information concerning the production of the particular commodity or commodities with which his section has to deal, including available supplies, new sources of supply, methods for increasing production, and so forth.

CONTROL THROUGH ALLOTMENTS

Each commodity section shall consider market conditions pertaining to the material or commodity over which it has jurisdiction, and shall, where deemed advisable, recommend purchase plans to the several purchasing departments. Where it becomes necessary to control orders in whole or in part by means of allotments, this section will determine the allotment of materials, commodities and facilities to the several departments of the Government and to its allies, and also the extent to which manufacturers and others, whether serving the civilian population or engaged in the manufacture of war supplies, shall be rationed.

The various Government purchasing agencies will continue to make the contracts and place orders as heretofore.

While it is impossible to cover this subject fully in so short a space, I have, at least, outlined some of the present activities of the War Industries Board and indicated its desire to secure the continued cooperation of the business men of the country.

Patriotic Vacations

"Doing Your Bit" in Saving the Food Which Is Necessary For Our Soldiers, Our Sailors, Our Allies and Ourselves.

The following telegram, which explains itself, was received at our annual meeting :

"Boston, Mass., May 18, 1918.

"President Stove Makers Convention,
Hotel Astor, N. Y.

"A prominent stove maker of Massachusetts has outlined a plan whereby your Convention will pass resolution shutting down for long period during the summer and inducing your employees to transfer to farm work so that they may be available when business starts in the fall.

"Department of Labor, at Washington, has asked me to represent them and present matters to your Convention, but notice came so late that I cannot break existing engagements.

"Any plan that would turn large number of men to farm work would be of tremendous value at this time to Massachusetts and to the whole country, especially as conditions in your industry would not be disarranged."

(Signed) "WILLIAM A. GASTON,
Director for Massachusetts of U. S. Employment Service."

Mr. E. V. Wilcox, connected with the Department of Agriculture, at Washington, appeared at our meeting, Thursday, May 9th, and asked the privilege of addressing us on this subject. His remarks were enthusiastically received and we are pleased to present them in full, together with the resolution adopted regarding same.

MR. WILCOX: Mr. Chairman and gentlemen, in the first place I wish to apologize to you, and at the same time to thank you very heartily for this opportunity which you have given me to squeeze in your program, because of the fact that I have an important engagement in Washington and wish to go there as soon as I can this afternoon.

It may seem a little curious to some of you, perhaps, that a man representing farm labor should come to the National Association of Stove Manufacturers to talk of agriculture and of the needs of farm labor, but there are some of your members, at least, whom I met this morning, who see very clearly how we may fit together and how we may help out one another in the great national crisis which we are all trying to meet at the present time. Doubtless you all know what peculiar labor conditions concern the farms. Modern machinery and the devices for labor saving have made it possible for one man to plant what it may require four or five men to harvest. The farmer, therefore, needs a whole lot of men as emergency workers to help save the crop he has planted and taken care of to the time of harvest.

Now, we have started a little campaign, nation wide in extent, to try and bring about a closer co-operation between the town and country. We have found it necessary because of the absolute necessity of getting a larger number of workers to help save the crops than could be obtained through ordinary sources. We therefore went to a lot of cities, went before a number of bodies in the various cities of the states—the campaign is now on—to get people to pledge their services for a few days' time to go out and help save these crops we all need. and they are doing it very generously, but I wish to say I am more than pleased to hear from two or three of your members this morning in private conversation that there may be the possibility of your organization adopting as a policy as an association policy a proposition which will mean a great step in advance, in my opinion, in handling the labor situation not only in your own industry but on the farm, and no general organization of manufacturers, of business men of any sort thus far have taken any official action which would look toward a strict business and official co-operation between their labor and the harvesting work on the farm.

I understand that in the stove manufacturing business you have large numbers of very husky, able-bodied men. A large number of them have certainly had farm experience and they would be able to go out in the hay fields and help save these crops when they have to be saved; maybe it will come during the slackening down of your business, so that these men could be released for a short period, we will say a week or ten days or two weeks, or whatever period was actually necessary in meeting the labor conditions of the locality, the nearest locality to where the men are employed.

Now, if any such action of that sort is taken it would meet the farm labor situation absolutely. It meets it to the complete satisfaction of the farmer. It furnishes a source of responsible labor. It is different from the idle labor that you take off the street. These men are responsible. They work for Mr. So and So and Mr. So and So and they are not going out on the farm, if they do this work, and injure animals and the hay in an irresponsible manner, because they are going back to the position they had before and they do not want to go back with black marks against them.

It meets, also, an economic situation which is becoming more and more serious in this country. Our attention has been called in these war times to the great number of idlers, and there has been, so far as I know, very little effort of a systematic nature by the employers of labor of any association looking towards a fitting together of any two industries in such a way as to utilize men's time better and prevent them from being turned out on the street in times of slack business, to take every chance, and wandering over to some other industry and getting acquainted with another line and lessening their loyalty to the industry in which they were brought up and are best trained, and maybe becoming professional idlers and falling out of the economic system altogether.

As I look at it, if it is convenient for you, if there is a period we will say in July when the hay and wheat have to be saved, when you could turn loose a part of your men, perhaps to your own advantage, perhaps you wish to close down at that time, perhaps to their advantage, and at the same time meet this emergency need for harvesting the hay and wheat field, you could then tell your men you are not simply compelled to turn them loose, but that in order to co-operate with the great national need of the farmers and for patriotic reasons you allow these men to take a vacation with the understanding, and urging upon them, that they will go to work upon farms where they are needed in so far as they can find places, and we can furnish places for a great many of them. This would make a sort of official vacation and you could tell the

men they could take this vacation and work on farms and they would come back in better shape than when they went away. It would give them a little relaxation, little different kind of work, it will not take them to another line of industry, it will not wean them away or divert them to another line of manufacturing work. It gives them merely a little relaxation from their business and at the same time they are doing a patriotic duty and meeting the needs of another industry, farming, and meeting their own needs and the nation's needs, for this food has to be saved. The farmers will need a great deal of labor on the farms this year. The farmers in many localities will tell you we are willing to go ahead and plant, we will go to the limit, we will plant everything there is in sight if you will assure us there will be men come out there to help save the stuff when it is produced. Now the people who can give them that assurance are responsible business men who have the whole welfare of the nation at heart, something like your Association, and I can assure you that so far as I know, if you should adopt any such measure as that it would be the first general movement among manufacturers in order to attempt to adjust their own labor conditions to another industry which would be a mighty good thing for your men and for the nation at large. I would hesitate contemplating in any way asking any industry to shut down to their own disadvantage, to a loss of business or to the injury of business in any way, but where a vacation is likely to be taken, where you are likely to have a slack period, where men might therefore be turned out on the street, or upon their own resources, without any suggestion as to what they should do or where they should go, I claim that is a very different proposition from appealing to you men something along this line—that here, fellows, here is a chance where you can do something for the country, here is a chance where you can help save the food that you yourself will eat and that the rest of the nation wants and that our Allies want; here is a chance where you can get some good square meals and can have a vacation in a way that will be an entire change of work; it will be a good thing for you; it will pay better than walking about the streets and it will be better than looking for some temporary industrial employment of a technical nature, and you understand that in giving you this opportunity to help your country and to take part in the patriotic food campaign that all that we expect of you is that you will recognize this as a sort of official vacation and that you will come back to us feeling better and anxious to take up the work at the time this vacation is over.

If the farmer understands that you gentlemen are going to back him up to the extent that you are capable, without injuring your own business, you will make a ten strike with the farmer, and the farmer is becoming a rather influential fellow and a man who needs to be considered. He has never felt heretofore that the business men of the cities really did understand his needs, and really had ever made any deliberate effort to meet conditions which the farmer has to face. I believe it will be good for all of us to get together along this line.

I do not wish to occupy but a few minutes of your time, and if you have any questions I would like to answer them rather than talk at random and perhaps not along the questions which arise in your mind.

We have in this state what we call a Farm Labor Specialist. He is in close co-operation with the agricultural colleges of the State. In every county that has any agriculture that is worth while there is a county agricultural agent. These men are very carefully trained men and they have the very latest information as to the actual needs of farmers for labor, just what kind of work they want these men for, for how long, and how many they want, and just the conditions under which they will have to work. Now I understand that you have local secretaries of your National Association in various parts of the country, and the proposition as it looks to me is something like this: We want our men to get together with your men. They can tell your men where men are needed, when and what kind of work and for how long. It would be of the greatest help if we could have a week or two weeks in a certain neighborhood to help handle the wheat or hay, or whatever crop had to be saved at that time, so that if I can get a list of your secretaries I shall be glad to refer our men to them at once, and tell them to get in contact with them just as soon as the proposition is ready, so that they will understand what the situation is and your men can then say how many men there are that possibly could be released for this farm work.

Our men can tell your secretaries just what kind of work there is to be done, how many men they need and when they need them, and for how long, and I think they can get together along that line, and I believe

that a movement of that sort extended has the greatest possibilities in solving the economic problem that confronts our present labor condition in the United States.

We have all these idlers. Everybody is complaining of idlers, men out of work. Now I see no better way of handling the idler question than for all industries to deliberately get together and see if they cannot make arrangements to exchange labor and keep men better employed and prevent them from getting out on the street. A feeling that nobody cares where they go and are not on an official vacation but just turned loose for themselves—I see no better way of handling that idler proposition and providing for full employment for all our man power, and it so happens that agriculture, with its great needs of temporary employees to harvest the crops at certain periods, and which can be met best of all from local sources, without transporting men long distances, and you will find there are some farms where there is work that these men can do and they will be glad to have them on the farm.

The farmer asks what can these men do. There are some little cigarette-smoking, soda-fountain dispensers who can't push a wheelbarrow. Certainly your men will satisfy the farmers so far as brawn and willingness to work are concerned, and Mr. Farmer may have to go some to keep up with them. At any rate they have the muscle, they can do this work, and many of them have been brought up on the farm and are not entirely out of sympathy with farming, and they must be told this is not a request for them to become farmers. We do not want to steal a man from another industry to become a farmer unless he wants to, but it is a great help to the nation in this patriotic effort to produce food and without any injury. I believe if you can meet that situation you will start a movement that you will never regret and that will save this country in time as the people understand it in the general direction of meeting the needs of the farm and handling labor economically. (Applause.)

MR. MITCHELL: Mr. Chairman, I move we express our approval of the plan of the Agricultural Department as presented by Mr. Wilcox so ably and pledge our co-operation to the fullest extent in furthering these plans.

The motion was duly seconded and carried.

MR. RICHARD E. WARNER: Mr. President, just because I come from New England you don't want to think I eat hay, because I don't. You gentlemen may not have been impressed this morning with the great importance of the suggestions made by Mr. Wilcox when he appeared here.

I do not know how your outside help situation is at the present time, but our situation in New England is getting very, very serious, and it is getting so serious that to shut down one's factory for two weeks or a month simply means when you start up you have no outside help. The farming situation is certainly serious for the same reason, and if you gentlemen could get this idea in your minds of conserving your outside help by getting in touch with your localities where the farmer is short of help, making a job for that man during your shut-down period, you would have the help come back to you when you are ready to start up. Suppose you are paying the man \$3.50 a day and the farm element can only pay \$3.00. It is cheaper for you to send that man out on the farm and continue him on the \$3.50 pay than it is to start up your factory with no help.

You could not expect the molder, with very few exceptions, to be a man capable of going onto a farm, unless you have a different class of molders than what we have in the East. Those boys mean all right, perfectly willing to do anything that they can, but they haven't been brought up on the farms; they are not strong enough to do that kind of work, where your outside labor is perfectly adapted to that sort of thing. You talk about winning the war with ships and talk about winning the war with conserving the food; there is only one way in the world that you are ever going to win this war and that is by every one of you suckers being a United States citizen from the toes of your feet to the top of your head, and being an American every minute and having only one thought with you. Give up the stove business. I gave it up nine months ago. I am trying to be the United States all by myself, and if every one of you would get that into your nut and fight every minute of your life there will be nothing else to it. There won't be any reports on Berlin or Germany. Hell! you won't ever hear of them again. (Applause.)

TO OUR MEMBERS

In presenting this, my first Bulletin, I have broken away from the precedent of issuing same the first day of the month, believing that information of this sort should be given as soon as possible, and unless our members object to this plan, I will issue Bulletins every little while, when items of interest present themselves.

There has been considerable newspaper talk with reference to the Government having commandeered a large percentage of iron production. I took the matter up with the War Industries Board and this morning have letter as follows:

"Your letter to Mr. Geo. N. Peek, with the War Industries Board, has been referred to this Division.

"The Government has not commandeered the pig iron of the country."

(Signed) "J. L. REPLOGLE,
Director of Steel Supply."

There appeared in recent edition of a paper an article to the effect that Government operation of steel mills of the country may be sought if the joint steel committee representing the War Industries Board and the American Iron and Steel Institute, fails to agree on steps to increase production for the Government, and the Allies needs, and restrict non-war consumption.

It was stated that serious consideration has been given commandeering, although it was said action would be taken only as a last resort to meet an impossible condition.

Differences of opinion arose as to what the steel needs of the Government will amount to or whether or not there is a real shortage.

Mr. Replogle, who is Director of Steel Supply, and an authority on steel production, reiterated his contention that unless immediate steps are taken to protect the pig iron and steel resources in a few months America will be seriously hampered in its war preparations.

Steel men take issue with this and insisted that if they were given exact facts as to all war needs, means could be found to meet them.

As the result of their request for detailed information a joint committee was appointed for the purpose of making a thorough survey of steel and iron resources, war demands, manufacturing facilities, commercial consumption and the need for drastic curtailment.

Any move that will give the Government control will meet with determined opposition from the steel men and even certain officials of the war-making agencies who are said to believe to a degree in "business as usual."

R. S. WOOD,
Secretary.



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The Bulletin

National Association of Stove Manufacturers

FOR ADVANCEMENT AND DEVELOPMENT OF
EFFICIENT, ECONOMICAL AND DURABLE

STOVES AND RANGES

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FREDERICK WILL

ROBERT S. WOOD

Vol. 5.

Troy, N. Y., June 1, 1918.

No. 2

Priority Policies Affecting Industry

The War Industries Board is issuing a statement of policies which should command the careful and earnest attention of the business and industry of this country generally, particularly as represented through War Service Committees of the various industries and commercial organizations. The Chamber of Commerce of the United States through its War Service Executive Committee is glad to comply with the request made upon it by Judge Edwin B. Parker, the Priorities Commissioner, that this statement be given general circulation among the members of the Chamber.

The statement is as follows:

WAR INDUSTRIES BOARD

General Classification of Purposes Adopted by Priorities Board for Which Preference Treatment Will Be Accorded and Defined Policy With Respect to New Construction.

In pursuance of the authority expressly conferred by the President in appointing the undersigned Chairman of the War Industries Board, there has been created a Priorities Board consisting of (1) the Chairman of the War Industries Board, (2) the Priorities Commissioner, (3) a member of the Railroad Administration, (4) a member of the United States Shipping Board and Emergency Fleet Corporation, (5) a member of the War Trade Board, (6) a member of the Food Administration (7) a member of the Fuel Administration, (8) a representative of the War Department, (9) a representative of the Navy Department, and (10) a member of the Allied Purchasing Commission.

As this Board is composed of authorized representatives of the Governmental agencies principally concerned with war industries and supplies, it is not only peculiarly fitted to determine general principals and define basic rules which shall govern priorities of production and delivery of materials, equipments and supplies, but also, as pointed out by the President, its composition insures "common, consistent and concerted action" in carrying such determinations into effect.

For the guidance of all Governmental agencies in the production, supply and distribution of raw materials, finished products, electrical energy, fuel, and transportation by rail, water, pipe lines and otherwise, the Priorities Board has adopted the following General Classification of Purposes demanding preference treatment:

SHIPS	{ Including destroyers and submarine chasers.	
AIRCRAFT		
MUNITIONS, MILITARY AND NAVAL SUPPLIES AND OPERATIONS	{ Building construction for Government needs. Equip- ment for same.	
FUEL	{ Domestic consumption. Manufacturing necessities named herein.	
	{ Foodstuffs for human consumption, and plants hand- ling same.	
	{ Feeding stuffs for domestic fowls and animals, and plants handling same.	
FOOD AND COLLATERAL INDUSTRIES	{ All tools, utensils, implements, machinery, and equip- ment required for production, harvesting and distri- bution, milling, preparing, canning and refining Foods and Feeds such as seeds of Foods and Feeds, Binder Twine, etc.	Including all necessary raw materials partially manufactured parts and supplies for completion of products.
	{ Products of collateral industries, such as Fertilizer, Fertilizer ingredients-insecticides and fungicides, Containers for Foods and Feeds, collateral products.	
	{ Materials and equipment for preservation of Foods and Feeds, such as Ammonia and other refrigera- tion supplies including ice.	
CLOTHING	{ For civilian population.	
RAILROAD	{ Or other necessary transportation equipment, includ- ing water transportation.	
PUBLIC UTILITIES	{ Serving war industries, Army, Navy and Civilian pop- ulation.	

The several Governmental Agencies, as well as the industries and all others affected, can without much difficulty apply this general classification of purposes, which must be accorded preference treatment, to the industries and plants with which they may be concerned. The Priorities Board will, however, from time to time promulgate in the form of "preference lists" not only classes of industries but individual plants whose operations as a war measure are of Exceptional Importance and which shall be classified as far as practicable in the order of their relative urgency measured by the extent of their direct or indirect contribution (a) toward winning the war and (b) toward promoting the national welfare. In the meantime the foregoing

general classification of purposes should prove of particular interest to the non-war industries and of value to them in planning their future activities during the remainder of the calendar year 1918, when the basic materials entering into the manufacture of many products will be largely, if not entirely, absorbed in direct and indirect war work, and transportation both by rail and water will be accutely congested in several sections, resulting in the curtailment of production and distribution of such basic materials. The War Industries Board earnestly urges each non-war industry to look this situation squarely in the face *now* and plan accordingly, curtailing where necessary operation not falling within the general classification of purposes demanding preference treatment, as hereinbefore defined, and at the same time, where practicable, converting existing facilities and utilizing existing organizations for purposes entitled to preference treatment, thus reducing the damage to industry to a minimum, and at the same time relieve some of the war industries that are staggering under the abnormal burdens which they are carrying.

Non-War Construction Work

The following resolution was on March 21st, 1918, unanimously adopted by the War Industries Board :

"Whereas it has come to the notice of this Board that new industrial corporations are being organized in different sections of the United States, for the erection of industrial plants which cannot be utilized in the prosecution of the war, and

"Whereas plans are being considered by certain states, counties, cities and towns for the construction of public buildings and other improvements which will not contribute toward winning the war, and

"Whereas the carrying forward of these activities will involve the utilization of labor, materials and capital urgently required for war purposes : now, therefore, be it

"RESOLVED, By the War Industries Board, That in the public interest, all new undertakings not essential to and not contributing either directly or indirectly toward winning the war, which involve the utilization of labor, material and capital required in the production, supply or distribution of direct or indirect war needs, will be discouraged notwithstanding they may be of local importance and of a character which should in normal times meet with every encouragement; and be it further

"RESOLVED, That in fairness to those interested therein notice is hereby given that this Board will withhold from such projects priority assistance, without which new construction of the character mentioned will frequently be found impracticable, and that this notice shall be given wide publicity, that all parties interested in such undertakings may be fully apprised of the difficulties and delays to which they will be subjected and embark upon them at their peril."

While this resolution is self-explanatory, it may not be improper to say here that the War Industries Board has not undertaken to classify any legitimate industry as "non-essential" but only through the exercises of priority directions to insure supplying to direct and indirect war industries as nearly as possible one hundred per cent (100%) of their requirements. From the surveys which the Board has been able to make, and the data and information it has assembled, it seems reasonably certain that the giving to those industries engaged in direct and indirect war work one hundred per cent (100%) of their requirements for such work will in some cases practically exhaust, and in others very substantially reduce, the available supply, resulting in an acute shortage of certain basic raw materials and products. This being true, duty impels the War Industries Board to call this situation thus pointedly to the attention of all interested parties, that they may, acting independently with such assistance as this Board may be able to extend, make their plans accordingly.

This Board needs, welcomes, and confidently expects to receive the active assistance and whole-hearted co-operation of the business men of this Nation, that it may to the fullest extent enjoy and have the benefit of their knowledge, judgment and experience.

Respectfully submitted,

WAR INDUSTRIES BOARD,
By BERNARD M. BARUCH, *Chairman*.

WASHINGTON, D. C., May 16th, 1918.

To Our Members:

GENTLEMEN:

President Will and your Secretary were in Washington this week.

We visited the various departments with a view of learning all we could of interest to our members, but at present little information was to be gleaned. Matters seemed to be quiet in our line.

We discussed the Priorities question rather freely because of the numerous requests we have from members on this subject. All seemed to feel that cooking and heating apparatus are essentials and that we should be placed high on the preferred list.

Upon my return this morning, I find an article published by the Chamber of Commerce of the United States, touching on Priorities, and, thinking this of great importance to all of our members, concluded to issue another Bulletin immediately, and you will find this article in full, which will, no doubt, give you a clear understanding as to the Priority situation. From information that we could get, personally, we sized it up in three propositions:

1. The manufacturer who has *no* material on hand and bids on Government work will get priority.
2. The manufacturer who has material on hand and bids on Government work will not get priority.
3. The manufacturer who has material on hand and does not bid on Government work, although in position to manufacture goods which may be required, may possibly have his material commandeered.

This shows that the situation from the Government point of view at the present time is a serious one and that war necessities are of so great importance that all other business must be side-tracked in favor of them.

New Cantonment Construction

We are in receipt of information from a reliable source to the effect that the Government will erect ten new cantonments; capacity about eighty per cent. of former constructions.

Locations not as yet decided upon.

It is estimated that each cantonment will require:

No.	Room Heaters	Totals
56	20 in. Grate	560
1,430	24 in. Grate	14,300
Total.....		14,860
Cannon Stoves		
633	9 in. Grate	6,330
152	12 in. Grate	1,520
853	16 in. Grate	8,530
Total....		16,380
Army Range		
238	No. 5	2,380

As soon as we can get definite and positive information as to location of cantonments and when bids will be required we will advise you. As we understand it the Room Heaters will be of all cast iron construction and conform with previous specifications.

War Industries Board

Washington, May 29—Under an executive order announced tonight President Wilson formally created the War Industries Board as a separate administrative agency to act for him and under his direction, with all the duties and powers informally conferred by the President last March in a letter to Bernard M. Baruch, Chairman of the Board.

Many of the powers delegated are vested in Chairman Baruch, who is the President's right arm for war production. The Board, originally a great division of the Council of National Defense, has been exercising its wide powers for three months, but its creation as a distinct branch of the Government under the President has awaited the enactment of the Overman bill, authorizing the President to reorganize Government agencies.

Besides exercising supervision over virtually the entire industrial fabric of the nation, with power to commandeer plants or take other drastic steps to assure adequacy of war supplies and speed up production, the board directs purchase for the Allies, eliminates competition for supplies between the various departments of the Government, has power to allocate materials and contracts and curtail the output of non-essentials, and fixes prices to be paid by the Government. Not the least important effect of the board's work is its influence in obtaining for the public the same prices on necessities that the Government pays.

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The Bulletin

National Association of Stove Manufacturers

FOR ADVANCEMENT AND DEVELOPMENT OF
EFFICIENT, ECONOMICAL AND DURABLE

STOVES AND RANGES

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COMMUNICATIONS
SHOULD BE SENT TO
ROBERT S. WOOD
SECRETARY
TROY, - NEW YORK

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EX-OFFICIO

FREDERICK WILL

ROBERT S. WOOD

Vol. 5.

Troy, N. Y., April 16, 1919.

No. 6

BUSINESS VICTORIES

—like military victories—

are won by Courage, Energy, Unity and Confidence

[Extracts from articles published by the National Prosperity Campaign, Commodore Hotel, New York.]

Hesitation and timidity are as fatal in commerce as in war. Prosperity and plenty to an extent such as even America has never dreamed of are awaiting us with outstretched arms. To enjoy them we have only to go steadily forward to meet them. If ever there was a time when rich rewards awaited the producer now is that time.

If there was ever a moment when it behooved all men engaged in productive commerce—laborer—capitalist—farmer, Mechanic—banker—manufacturer—to join hands and move forward now is that moment.

“The shelves of the world are bare.”

The world needs goods as it has not needed them in many, many years.

For four long years wealth has been destroyed at a rate such as history has never before recorded. And in addition many of the normal processes of production have been stopped in order that the greedy maw of war might be filled.

All the world is clamoring for food, shelter, clothing, machinery, ships, railways, capital and credit.

And we have all these things for sale. We can have them in still greater abundance if we work together in production.

Work together. Therein lies the magic of it all.

Move on. Keep step. Keep going. And pull your share of the load.

The formula for Prosperity for all is a fair deal for all, but remember that so far as prices are concerned we are in a new world. What was fair five years ago is not fair today.

Stop thinking of conditions as they were five years ago. Conditions have changed faster in the last five years than in any similar length of time in the history of the world.

Our supply of currency (gold and circulating credit) has increased faster than our supply of commodities. This has brought us to an entirely new and higher level of prices.

Prices are not coming down in America. The manufacturer who is halting upon the theory that the bottom is going to drop out of raw material will find the bottom out of his business before it is out of raw material. The retail merchant who is waiting until he can purchase cheaper goods will have his store closed by the sheriff and no way to get cheaper goods upon his shelves. The man who is now husbanding his resources upon the theory that prices are going to take a tumble may succeed in washing his shirt into shreds before he can buy a much cheaper one.

We must bear in mind also that prices are only high by way of comparison. The trend always has been steadily upward and as each new level was reached prices were considered high. But in the course of time we adjusted ourselves to them. We must take the same viewpoint now. Prices, generally speaking, are not coming down, and the only stabilization really needed is that which must exist in our own minds. When this has been accomplished we shall begin to realize the splendid actualities of the Victory Age.

We are in a new world. The past and its conditions have gone never to return. We are living in a new era. It's time we realized it.

If you have something to sell—go ahead and sell it. If you need anything—go ahead and buy it. You will not be able to either buy or sell at the price level of five years ago. Stop thinking about it. Do business.

TO THE STOVE INDUSTRY:

Through the courtesy of a stove manufacturer, I am able to send you copy of a general letter they recently sent to their salesmen. It will be of interest to you.

R. S. WOOD, Secretary.
March 26, 1919.

Dear Sir:

The makers of steel have announced a reduction of \$7.00 per ton in the price of steel. The pig iron furnaces have announced a reduction in the price of pig iron amounting to \$4.25 per ton.

These prices were agreed upon between the U. S. Department of Commerce, U. S. Attorney General Department, and the makers of steel and pig iron, and are the recognized Government prices on these commodities for the entire year of 1919. No further reductions will be made during the current year.

Since the Government abolished the War Industries Board on January 1, 1919, the Government has no legal authority to compel manufacturers to respect these prices, and it appears at this time that some manufacturers will not comply with these reductions, as many of them claim that they cannot do so without a loss. However, it is the general opinion among those posted that the reductions referred to above will be eventually accepted by the trade.

The announcement of these reductions has undoubtedly reached all of the reading public in the United States, and your trade will naturally ask you what influence this will have on the price of stoves, ranges, furnaces and other Estate products. In order that you may be able to answer such questions intelligently, we give you herewith the facts of the situation.

In the latter part of the year 1918, before the armistice was signed, it was the general opinion that if the war continued, that there would be little or no steel or iron available for the manufacture of stoves. Consequently, stove makers who had the capital available, purchased heavily of steel and iron and as a result of this, most stove makers inventoried the largest stock of raw materials on January 1, 1919, than ever before, and as a rule, inventoried the smallest stock of finished stoves.

Hence the great majority of stoves produced in 1919 will be produced at the highest cost level ever known. The cost of materials will be the highest war prices, and the 1919 labor rates are approximately 15% higher than they were at the close of 1918.

In addition to this fact, it should be borne in mind that selling costs in the year 1918 were lower, as little advertising was necessary, salesmen traveled less, and most houses employed fewer salesmen, than ever before.

In the year 1919, all of these conditions are reversed. Selling costs are higher, as more traveling must be done, traveling expenses are higher, a greater amount of money must be spent in advertising and other sales promotion methods.

Considering these facts, the inevitable conclusion must be reached that unless stove manufacturers obtained an abnormal profit in the year 1918, that prices for the year 1919 must be advanced in order to maintain a fair and living profit. This conclusion is arrived at without even considering the great increase in taxes of all kinds.

We want to say to you that the balance sheet of stove manufacturers generally, covering 1918 operations, were a great disappointment, as it was found that the cost of production of stoves in the year 1918 was higher than anticipated and consequently the profits for the year 1918 were a great disappointment.

We revised our prices up to March 1 of this year, and the prices announced at that time carry a smaller percent of profit than ever before. The reduction in the price of pig iron and steel just announced and referred to above, amount to approximately 2% of the selling price of the stove. You must always bear in mind that labor factor in manufacturing stoves is over 60% of the selling price and that this item has advanced approximately 15%, so that the reduction in iron and steel, which only amounts to a matter of 7% in the case of steel and 12 to 14% in the price of pig iron, only means a reduction of 2% in the total cost of the stove.

We should also state that many items used in the manufacture of stoves have advanced since January 1, 1919. We have in mind such items as stove trimmings, asbestos, etc.

After having given this matter very careful consideration, we have definitely concluded not to make any reduction in our prices because of the recently announced reduction in the price of steel and iron. The greatest possible reduction that could be made would amount to 2%, and in our judgment such a reduction would retard the placing of orders rather than encourage same. The reduction would be insignificant and would lead dealers to conclude that this was merely the start of further reductions in prices.

The Government recommendation as the newly announced prices assures the buying public that no further reductions will be made during the present year, and the Government was only led to stand sponsor for the new prices because of their desire to stabilize the market, and if possible, reduce the cost of living.

As far as the stove business is concerned, little if any benefit to the public will follow, as the reductions are too insignificant to be reflected in the selling price, and because of the fact that the larger and more important items of cost, such as labor, have advanced.

We are going into this matter fully so that you will be in a position to pass the information to your customers and to intelligently meet the situation.

It is quite possible that some stove manufacturers may foolishly decide to make small reductions in their prices, but be this as it may, we have for reasons given above, concluded to stand pat.

If you desire any further information on this subject, we will be pleased to furnish it.

Yours very truly,

_____,
General Manager.

P. S.—We should have stated above that when we published our net price lists No. 14 and 15 on March 1, that we at that time had reliable information that the reductions in prices recently announced were to be made, and this was taken into consideration in making the prices as shown in net price lists Nos. 14 and 15.

WAR PLANS DIVISION

WAR DEPARTMENT
OFFICE OF THE CHIEF OF STAFF
WASHINGTON

Mr. Frederick Will,
Sill Stove Works,
Rochester, N. Y.

Dear Sir:

Before Mr. Baruch sailed for Paris he prepared the letter, with which this is enclosed, requesting your co-operation with the effort of the Historical Branch of the General Staff, to the end that the work of the War Industries Board be adequately recorded in the official history of the war, which is being prepared here.

Our immediate desire is to obtain, through the collection of a comprehensive series of photographs, a really adequate pictorial record of the industries which were under your direction. This can be obtained, of course, either by your furnishing this office with a comprehensive list of the concerns involved, and of all other possible sources to which we could go direct.

Along with these photographs we should like to obtain information regarding the transition in these industries from a peace basis to a war basis, the various effects upon the industries of the regulations imposed, and the developments which have come and are coming now as a result of a return to peace. Facts of this sort will, of course, be correlative with the photographs, which might well include the building of new plants and additions to old plants as a result of the war effort; processes of manufacture, particularly those which have developed with the war period; methods of packing and shipping, particularly those which have been simplified and made more efficient by war limitations; types of new war products, and the use of these products as shown in try-outs or in operation.

Your vigorous co-operation will be very heartily appreciated.

Very respectfully,

C. W. WEEKS,
Colonel, General Staff,
Chief, Historical Branch, W. P. D.
By:

A. GOODRICH,
Captain, U. S. A., Pictorial Section.

Above we give you copy of a letter which explains itself:

We quote from another letter as follows:

"As to the style of picture desired, we prefer glossy, unmounted prints, the size is unimportant. Our idea is, of course, to have such prints as we may obtain cover a broad range of subjects, giving as complete as possible a survey of the war work of the entire industry."

"We appreciate very cordially the co-operation expressed in your letter. Our desire is not to cause any individual or company any considerable expenditure of time, effort or money, but merely to gather together whatever significant photographs may have been taken of war products and of the processes concerned in their manufacture."

To those who furnished goods or ammunitions to the Government we suggest they write to Arthur Goodrich, Captain, U. S. A., who will give them more detailed information. We trust you will co-operate heartily in this good work.

The Bulletin

National Association of Stove Manufacturers

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EFFICIENT, ECONOMICAL AND DURABLE

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LEE W. VAN CLEAVE EX-OFFICIO

ROBERT S. WOOD

Vol. 6

Troy, N. Y., June 28, 1919

No. 1

The New Price Level.

Back of the present improvement in business is the growing confidence in the present level of prices and wages. So long as there was an expectation of liquidation of labor, and liquidation of commodities, there could be no confidence, and business could not go forward. The maintenance of current wage scales is almost a guarantee of current commodity prices, however, for prices are largely based on cost of production, and the cost of anything is largely the cost of the labor which goes into it. And wages are not likely to fall in the near future.

In an address in Cleveland this week, Secretary Redfield of the Department of Commerce said that little by little the industries are taking up the slack, and the country is settling down to the assurance that matters are becoming stabilized with the wages of labor standing where they are. "Men who are leaders of great industries," said the Secretary, "have consulted with me these weeks gone by, and every one of them without exception, not because of pressure, but from his heart and judgment, has agreed that the one inviolable thing as matters are today is the wage of the working-man."

In a canvass just completed by the Department of Labor, asking opinions on the question, "Will prices fall?", leading business men and bankers throughout the country unanimously expressed the opinion that any material recession from the present high stage of living cost is not to be expected in the near future, and most of them voiced the belief that prices will never work back to the pre-war level.

A SYMPOSIUM OF STATEMENTS BY SOME OF AMERICA'S LEADING MEN.

Statement by J. OGDEN ARMOUR.

The greatest danger to our economic structure today arises from the failure of many to recognize a **new and higher level of prices, based on permanently increased cost of labor, and high taxation.**

Those who postpone building or buying in the hope of materially lower prices, are speculating in the future misfortune of the Nation. For falling prices, when reaching the point where profit is eliminated, mean panic, depression, unemployment, and other troubles.

In the final analysis 75 per cent or more of the cost of most commodities consists of labor, and reductions in the market price of commodities are, therefore, inevitably reflected in the compensation of labor.

Nothing in the labor situation warrants anyone in expecting materially lower cost of commodities in general, and building in particular. Wages will not be less for several fundamental reasons, viz:

1. The practical stoppage of immigration since 1914, depriving America of several million workers who would normally have come to our shores.
2. The retention by the Nation's military and naval establishments of nearly 2,000,000 workers, which may continue for an indefinite period.
3. The creation of new industries, such as shipbuilding and manufacture of chemicals and dyes, requiring hundreds of thousands of workers.
4. The urgent demand for building and construction of every class, due to their having been forcibly held back for several years.
5. The shortage of the world's food supply.
6. The proportionately higher levels of commodity prices existing practically all over Europe.

On the one hand, then, we are facing a serious shortage of labor as soon as we approach normal industrial activity, and on the other hand there is confronting us a tremendous, unsatisfied demand for many necessities which it was difficult or impossible to obtain during the war.

Normally under such conditions we could have expected a flood of low-priced goods from the Old World, while now we find that prices in Europe have risen proportionately much higher than in America, and the demand for commodities and labor, to make up for the wastage of war, is even more keenly felt there than here.

The manufacturer who now quotes the lowest possible price consistent with the high cost of labor, and guarantees this to be so, doing his buying freely on the same basis, ranks as our highest type of patriotic citizen. A new level of prices has been established, from which there can be no material recession until inventive genius succeeds in correspondingly increasing labor's productive capacity by mechanical means.

Statement by JAMES B. FORGAN, First National Bank, Chicago.

While it is my belief that the general trend of prices during the next decade may be downward, I do not anticipate any sudden or violent tumble in the near future beyond the elimination of war prices made necessary to stimulate production in high-cost plants. We can not "eat our cake and have it." We can not immediately have low-priced products with high-cost labor.

At no time was honest labor more indispensable than during the war, and during that period the average weekly wage of all workers was greatly advanced.

Out of the war has come a strong realization of the value of labor to civilization, and we must accustom ourselves to the evident fact that a permanently higher scale of wages or compensation has been established for the world's worker, both skilled and unskilled.

In all lines of industry, to make a fair profit, selling prices must be in proportion to the cost of production, including the enhanced cost of labor. This fact should be recognized in buying as well as in selling.

There exists in the world today, and there will exist for some time to come, a tremendous latent demand for goods and service and a relative shortage of workers caused by the war. The high cost of living has not yet begun to recede, and it would be an erroneous policy at present to attempt to cut prices at the expense of labor.

Statement by JACOB H. SCHIFF, OF KUHN, LOEB & CO.

In the period from May, 1918, to October, 1918, commodity prices in the United States had advanced about 107 per cent above the 1913 level; in Canada 115 per cent, in Great Britain 133 per cent, and in France 235 per cent. From October, 1918, until March this year, in spite of the most violent cry for lower prices, even by those who are undoubted beneficiaries of high prices, the decline, according to Dun's index figures, averaged only 6.9 per cent. During April, in spite of the agreement to lower steel prices, other commodities rose to such an extent that the average price level on April 1 was only 5.7 per cent below the high point for October 1 last year.

The reasons for this tenacious grip which high prices apparently have taken on the world are obviously to be found in the immutable law of supply and demand. The cost of labor is the most important factor in the price of commodities, as it makes up 75 per cent or more of their price. It starts with the cost of food and raw materials, which is largely represented by labor, goes on to the manufacture of semi-finished and finished products, which again is labor heaped upon labor, and is frequently punctuated between or after these various stages or processes with transportation and distribution, which, when analyzed, turn out to consist of a high percentage of labor in its broadest sense.

The wastage of war, both in men and materials, again is largely responsible for shortage of labor, especially past and prospective. For four years the orderly production and maintenance of peace-time activity has been most violently interrupted throughout the civilized world, causing on the one hand a heavy depreciation of property and on the other hand an appalling destruction of all those things which are vital to human happiness, life, and activity. The reconstruction is going to tax our efforts perhaps even harder than did the war, the latent demand for labor and commodities being tremendous.

There is cause for rejoicing in these conditions, for intense activity, even though accompanied by high prices, is far to be preferred to the blight of inactivity, stagnation, idleness, and suffering attendant upon unsound, unbalanced production and rapidly falling prices. After all, it is not a question so much of what price each of us has to pay for what we want, but as to what relation this price bears to our income. Those millions of men and women whose incomes have grown apace with or ahead of the general price advance have abundant cause for satisfaction. Yet how often do we not hear these same people unwittingly complain of high prices, their attitude being that high prices is a privilege that belongs to themselves only, in the selling of their own labor or wares, but has no place in their scheme of buying.

Statement by A. BARTON HEPBURN, of the Chase National Bank, New York.

Seventy-five to eighty per cent of the cost of all products represents labor; and as long as the minimum price of wheat is fixed by the Government at \$2.25 a bushel and other necessities of the wage earner are approximately as high in proportion, there is every reason why labor should contend against reduction. With a recession in the cost of living there should be a corresponding reduction in the cost of labor. The employers of labor can not go on paying present wages, nor, indeed, any wages, unless their business continues, and it has seemed to me that the closing of certain industries would throw labor out of employment. In seeking new employment they would accept the reduction in accordance with what industry could afford to pay.

I understand that this is what you are contending against, and you seek to induce manufacturers, wholesalers, retailers, and consumers to accept the present prices for goods and commodities and continue business, thereby insuring the employment of labor at the present level of wages. You very likely will be successful as to the large industries, but I think there will be more or less readjustment of the wage scale on a lower level in the smaller industries and in various localities.

Statement by W. L. DOUGLAS, of Brockton, Mass.

If you will call to mind, the per capita in the United States in 1914, in round numbers, was about \$34. Recently I have noticed that the per capita is about \$57, which is an increase of a little over 57 per cent. While the per capita remains at this high level the cost of commodities and labor will remain about the same. I am of the opinion that prices will be governed to a great extent as the per capita rises or falls.

Statement by T. COLEMAN DU PONT.

The thing that is going to make labor and material go down, with a few exceptions or little local variations, is the law of supply and demand. So long as there is a demand for an article its price will be high. The greater the demand the higher the price, and if the cost of this article is mostly labor, the price of labor will continue high on that article, and so on down the list. Local weather conditions may affect local crops in certain districts, and this will make that article high at least in that district, because the demand for it will be great by reason of the low production; and so long as materials, including foodstuffs, are high, labor can not go down much, although it is likely that labor will be lowered in price ahead of the lowering in price of commodities.

We are going through a transition period, which has followed and will follow every economic disturbance.

Will wages be higher when things settle down than before? Yes, I think they will, because wages have continued to advance in this country year after year, but the cost of living and the desire for luxuries, too, have advanced so that relatively the condition is the same.

Statement by JULIUS ROSENWALD, Sears, Roebuck & Co.

It is my belief that the range of prices for the necessities of life will average little, if any, lower than at the present time. Of course, there will be some exceptions, but I do not look for a sudden or violent reduction in the near future aside from those which have been artificially stimulated.

There exists a tremendous demand in our own country for all kinds of commodities. This demand will not diminish materially until war-wrecked Europe firmly reestablishes herself on a peace-time production basis. I fully agree with those who believe that the reconstruction is going to tax our efforts perhaps even harder than did the war, and that there is cause for rejoicing in these conditions even though accompanied by high prices, for, after all, it is not a question so much of the price one has to pay but as to what relation this price bears to one's own income.



NAB

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The Bulletin

National Association of Stove Manufacturers

FOR ADVANCEMENT AND DEVELOPMENT OF
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ROBERT S. WOOD

Vol. 6

Troy, N. Y., JANUARY 28, 1920

No. 5

Railroad Legislation

The National Industrial Council, has sent the following telegram, showing the urgent necessity for quick and united action by the industries of the country, if they desire to save the anti-strike clause in railroad legislation.

"The railroad bill has reached in conference its most critical stage in relation to the labor provisions. The Senate is standing by its position. The labor organizations are endeavoring to pledge as many members of the House as possible to stand against anti-strike provisions until they are abandoned. Behind this is the threat that if they are not abandoned there shall be no railroad legislation. The issue is now drawing. Either the people will control this combination or it will control them. Either the Government will by law master the strike combination or the strike combination will master the Government. If you realize the critical nature of this situation will you not undertake to get every association and individual realising the gravity of this matter to express himself immediately and directly to his representative in the house. Don't pass resolutions. Let each individual speak for himself.

National Industrial Council."

YOU ARE REQUESTED TO IMMEDIATELY WIRE (NOT WRITE) THE REPRESENTATIVE IN CONGRESS FROM YOUR DISTRICT, URGING THAT HE USE HIS INFLUENCE TO SEE THAT THE ANTI-STRIKE CLAUSE REMAINS IN THE RAILROAD BILL

Kindly give this matter your immediate attention.

For your information we are pleased to quote some extracts from the railroad bill, referring to the industrial questions and the anti-strike clause.

RAILROADS

H. R. 10453: Mr. Esch of Wis.: To provide for the termination of federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled "An Act to regulate commerce," approved Feb. 4, 1887, as amended, and for other purposes.

INDUSTRIAL QUESTIONS

Committee of Wages and Working Conditions: To settle disputes between railroads and their employees not otherwise adjusted, a committee of 8 members is created,—4 representing railroad labor and 4 representing railroad corporations and three Regional Boards of Adjustment. Members serve for 4 years and have salary of \$7,500. Members are appointed by the Transportation Board from candidates nominated by the classified employees of the carriers and by railroad corporations; each railroad corporation could nominate one candidate. Employees of the committee would have compensations fixed by the Board.

Regional Boards of Adjustment: These boards are to be located at places fixed by the Transportation Board. They are to be composed of six members, three representing the employees and three representing the carriers. They are to determine all complaints, grievances, disputes, including questions of discipline and matters other than controversies relating to wages and working conditions which cannot be adjusted between employees and officers of the roads directly. Questions on which the Regional Boards are evenly divided are to be referred to the Committee on Wages and Working Conditions. Members of Regional Boards would receive \$5,000 per year each. Boards could require the attendance of witnesses, the production of books, papers and documents and enforce their subpoenas through the courts.

Complaints submitted either by employees or railroads would be considered by the committee and by the Regional Boards, which would make decisions as promptly as practicable by majority vote. They would have powers of subpoena, etc. Decisions would be certified to the Board and take effect when approved by the Board. If the committee were evenly divided on a question, the matter would go to the Board, the decisions of which would be final. Questions in which regional boards are evenly divided go to the committee for decision. Certificates of the results as to each question would be made by the Board to the Commission, for which the recitals would be conclusive evidence. Wages and salaries paid by railroads, hours of labor, etc., are to be fair, just and reasonable. In applying these tests, the committee and the Board are to take into consideration, among other relevant circumstances, wages paid for similar work in other industries, relation between wages and cost of living, hazards, training and skill required, degree of responsibility, and character and regularity of employment.

Special Adjustment Boards: For the purpose of dealing with controversies as to wages, working conditions, etc., arising between a carrier and its subordinate officials,—i. e., train despatchers, yardmasters, traveling auditors, claim adjusters, roadmasters, etc., who do not come within the technical definition of "Classified employees" established by the Railroad Administration, the bill provides for the creation of special boards of adjustment, of eight members, four to be named by the carrier and four by the subordinate officials. In dealing with such controversies as may be referred to them for settlement these special adjustment boards are to have due regard for existing agreements between the carrier and its officials, and to certify their decisions to the Wage Adjustment Boards. These special boards would not apparently form part of the permanent machinery for dealing with industrial disputes, but would be appointed from time to time as need for their services might arise.

Railroads and their officials are required to abide by decisions reached as above, under penalties of fine of \$500 or imprisonment for six months. As for employees, the right of an individual to quit his employment is preserved, but if two or more of them enter into an agreement or combination with intent substantially to hinder interstate commerce, or in fact substantially hinder, they are made punishable by fine of \$500 and imprisonment for six months. Similar penalties are provided for aiding or inducing the commission of acts made unlawful as indicated above.

Food for Thought

There is much food for thought in the following article which appeared in the New York Times of January 25, 1920.

This article illustrates clearly the benefits accruing from hearty co-operation, by the elimination of trade abuses, the allaying of suspicion, the adoption of uniform terms, the proper costing of goods, all of which means **FAIR COMPETITION**.

Too much cannot be said of the social side of Association life. It engenders a spirit of frankness, fairness and good feeling and leads to a better knowledge of true conditions.

SUSPICION AS A BUSINESS DEBIT

Why Concerns Fail to Resort to Adequate Ways of Managing Their Affairs.

If there is any one thing which tends to keep an industry or trade from developing along broad and sound lines, it is the unwillingness of many of its members to identify themselves with various movements that would produce such a development. Thinking men in all trades, who can see beyond the limits of their own business and who are willing to spread the gospel of modernism in the hope of benefitting from the general good that will result, say that there are two general classes of merchants or manufacturers who display this unwillingness.

The first of these classes is made up of the so-called "old-line" concerns, houses which owe the great bulk of their success to their early founding rather than to their willingness to subscribe to modern business methods either in theory or practice. The attitude of concerns of this type, it is asserted, is generally harder to combat than that of the second general class, which is made up chiefly of men whose financial and mental capital is limited, and whose opposition to many helpful trade suggestions is based wholly on suspicion.

Concerns of the first class are the more difficult to handle because their opposition is not usually open. They join trade associations, they pay their dues promptly, and they send representatives to the association conventions. But there their interest stops. They rarely, if ever, take advantage of the facilities offered by the associations, and if they are called upon to contribute to the various activities of those bodies in other than a financial way they do it grudgingly, or not at all. Many of these concerns are among the most prominent in their various trades and because of this much is expected of them. It is largely because of this that their "let-George-do-it" attitude is so disappointing to men who have the best interests of the entire industry at heart.

With the second class, it is admitted, there is less reason to find fault. In practically every trade, particularly in the garment industries, there are heads of businesses who have not had the time or opportunity to get even a common school education, whatever their desire in the matter might be. Necessity forced them to become producers in the quickest possible way, and with only this as their early training it is recognized by the acknowledged trade leaders that not much can be expected of them until they can be shown the proper way of doing things. But where criticism in relation to these men is due, it is contended, is that the bulk of them apparently prefer to

get their business education by experience. That this very frequently leads to the bankruptcy courts and results in considerable financial damage to "innocent bystanders" does not phase them especially. As one merchant of the type remarked not long ago, when offered some valuable suggestions regarding commercial rehabilitation, he failed once without any one showing him how, and preferred doing it again to having "outsiders stick their noses into my business."

The whole trouble in cases of that kind, it appears, is that the merchants who are responsible for them are narrow and suspicious. The little training they got early in life impressed them with a wrong sense of things in general, including business. The result is that they are prepared to follow with great fidelity the precept about being wary of Greeks bearing gifts. Having neither the ability nor the inclination to be helpful to others, they are suspicious of all attempts on the part of more capable men to help them.

Not only is this true of attempts of individuals to give them aid, but of trade association efforts as well. No better illustration of this is required than the failure of most of the costing and other educational systems devised by trade leaders for dissemination through association channels. Not only have most of those for whom the systems were devised refused to look into them voluntarily, but they have sharply objected to being shown how how systems would be of value to them. One result has been improper costing and the consequent difficulty experienced in normal times for properly-computed goods to get their full price. Other results have been the giving of datings too long for the financial resources of the concerns extending them, as well as the granting of too large discounts for the purpose of getting an order from large retail concerns unscrupulous enough to demand them in return for a very small part of their business. Further than this, they permit and thus foster cancellations, returns and other trade abuses. All of these things take an indirect toll of the industries concerned.

Just how the problem supplied by these men can ultimately be solved is a question. To get them to join the trade associations is not an easy thing to do in most cases, and even then to overcome their suspicion of their competitors presents a task not to be undertaken lightly or with too great a degree of optimism. In some quarters stress is laid on the social side of association life as the probable cure, the theory being that when men get together at affairs of this kind they get a knowledge of one another that cannot fail to be valuable in overcoming uncertainties as to the "other fellow's" intentions.

A LOOK AHEAD

(From the National Acceptance Journal, January, 1920)

What has 1920 in store? Lower price levels may come, in fact, will come, but not before even higher prices than at present are reached. Industrial conditions will be better, no nation could go through the crucible of our 1919 experience without profiting by the experience. Wages may not improbably be reduced, in which event the corollary of lower prices will prevent any great dissatisfaction. Foreign trade, represented by our present exports to Europe, will decline, to a more sound basis than now exists, and the effect upon American industry will not be nearly so appreciable as many believe. The railroads will be returned to private operation on an equitable basis and the effect on commerce should prove most favorable. Higher rates must come, but in reality exist at the present time concealed in higher taxes to make up for Federal deficits. Speculative operations will gradually be diminished. A year hence will find the country on a more sound basis than at present and, with all our troubles, the fact should not be forgotten that the national transition from a war to a peace basis is being accomplished with greater facility than the most optimistic might have imagined.

538.06
NAB

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The Bulletin

National Association of Stove Manufacturers

FOR ADVANCEMENT AND DEVELOPMENT OF
EFFICIENT, ECONOMICAL AND DURABLE

STOVES AND RANGES

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LEE W. VAN CLEAVE EX-OFFICIO
ROBERT S. WOOD

Vol. 7

Troy, N. Y., JULY 14, 1920

No. 2

TO THE STOVE INDUSTRY:

An information service for the benefit of employers of foreign born labor, and for the workers themselves, has been established by The Inter-racial Council, Woolworth Building, New York City.

We print below, a copy of their Clip Sheet No. 2, and quote from their letter:

"The object is to check the tendency of the foreign born to return to their native lands under the mistaken impression that prices are lower and living conditions better there than in America."

"This is done by circulating reports from the foreign language newspapers regarding actual conditions abroad, and by reports from unbiased authorities such as the Red Cross."

It is not their idea to offer these Clip Sheets in quantities, "but to have the individual plant executives select the portions which are most appropriate for their employees and make the required number of reprints."

"Thus if a corporation employs Poles, the items related to Polish conditions would be reprinted and the others omitted."

"In case quantity lots of Clip Sheet No. 2 are desired they could furnish them at cost plus transportation. But there is no charge for a few copies."

We should be glad to have **each Stove Manufacturer** advise whether or not he is interested in work of this character.

If a sufficient number are interested we will arrange to issue Bulletins on this subject, from time to time, as we receive information of importance.

Very truly yours,

R. S. WOOD, Secretary.

Inter-Racial Council Woolworth Building, New York City

Clip Sheet No. 2

"THE BEST FRIEND"

"After all, a good job is a man's best friend. It keeps him busy and away from mischief. It feeds, clothes and shelters him and his family. It offers him an opportunity to save and thus provide for a rainy day.

"It is better to hold on to a good job, to acquire the habit of industry and thrift and to be able to look calmly to the future than to shift about to seek new jobs ever so often, to squander all savings and always live a hand to mouth existence.

"Find a job which suits you, which fits your qualifications and your disposition; a job which you like and which likes you, and stick to it faithfully, studying, learning, advancing. A good job is your best friend." **Nowy Swiat**, Polish Weekly of Chicago, Ill.

This advice is good for every worker (foreign-born or native-born) who is forming the habit of drifting aimlessly from job to job.

The drifter gets nowhere.

The way to prosperity, usefulness to the nation and finest citizenship is to become a valuable and permanent member of the community where you are profitably employed.

Don't drift. Stay aboard the good ship "Steady Job" and **get somewhere!**

HUNGARIANS ADVISED NOT TO RETURN BY THEIR OWN GOVERNMENT

The Hungarian Government issued this announcement to Hungarians in the United States on February 20, 1920:

"Existing difficulties of passage and attendant dangers, coupled with the highly unfavorable state of food and labor conditions at home, and with no likelihood of an early improvement, make it in the well considered interest of the intending emigrants themselves, advisable to defer the voyage till after the conclusion of peace."

"LONGING FOR THE GOOD OLD U. S. A."

"Many Roumanians have returned to the native country; many others will go before the year is over. But a great many are still in doubt as to the advisability of going back and many, many more will remain here forever. Some of those who have left these shores are getting on nicely; others, wish they could "fly" back. All who returned home carried some American money with them. The shiftless emptied their money bags on drink; others have spent or are spending their money on improving their property or buying land. Poor fellows. So few of them had scarcely an idea of the difficulties awaiting them. The ordered life of the American factory workers and the long rest after eight or ten hours of work have become second nature with our Roumanians and the poor fellows pine with longing for the 'Good old U. S.' a day or two after reaching his native village."—**Romanul** (Youngstown).

FOREIGN BORN LEAD THEIR OWN AMERICAN AMERICANIZATION MOVEMENTS

Many racial societies and groups and foreign language newspapers have organized "Americanization" movements of their own. A survey by The Inter-racial Council of New York shows there is hardly a race in America that does not include one or more organizations advocating citizenship and spreading Americanism among their respective peoples.

The Order of the Sons of Italy is another example, and still another is the Union of Roumanian Societies for Aid and Culture. Many other racial organizations could be mentioned, including Czecho-Slovak, Jugo-Slav, Greek, Hungarian and other nationalities represented in America.

A notable example is the Polish Falcons of Western Pennsylvania which recently initiated a "citizenship movement" with the co-operation of religious, social and beneficial Polish societies in that district. The purpose is to induce all Polish subjects in the western section of Pennsylvania to apply for their first papers in the course of the next six months.

A public celebration of Lincoln's Birthday in Akron, O., was arranged by the Order of the Sons of Italy. In the city of Akron seventy per cent. of the residents of Italian birth own their own

homes, indicating that the Italians who have settled there intend making the United States their permanent home and that they are practicing the principle of thrift that America is preaching.

A movement, national in its scope and designed to familiarize Roumanians with American institutions and the requirements for citizenship, has been started by the Supreme Executive Committee of the Union of Roumanian Societies.

The "Romanul," a Roumanian newspaper of Youngstown, O., commenting on the gradually increasing tendency toward Americanism among Roumanians points out the advantages of citizenship and characterizes it as a "great honor."

"Let us bear in mind that as citizens of these States, they stand a much better chance of improving their station in life. Every American citizen is freer in his movements, has a greater confidence in himself, for to be a citizen of this great republic has always been and is a great honor."

Says the "Record Doczienne," Polish newspaper of Detroit, Mich., adopting the same tone as the "Romanul:"

"A great many foreign born who have lived in the United States from twenty to thirty years, been in business, acquired wealth and brought up their children in this country will probably never return to Poland. Nevertheless, they have neglected to become citizens of the United States which offered them hospitality, rights and privileges. To acquire citizenship can harm nobody
* * * *

"The Greek New England Messenger" gives the same kind of advice to its readers. It says:

"Greeks should acquire American citizenship. Americanization does not mean the same thing as Turkization or Bulgarization did in the old country. Americanization means light where they meant darkness. It is not an attack on your religion or patriotism. On the contrary it is the cultivation of your virtues and ambitions * * *

Long before "Americanization" became popular among native-born Americans, the Czechs in this country had published Czech-English grammars, dictionaries and works on American citizenship. Recently Czech and Slovak newspapers have published articles on the American constitutions, civics and the American ideals of leaders like Washington, Franklin and Lincoln. The majority of Czecho-Slovak organizations open their lodge meetings by singing "America." The Czechs as a rule are old settled immigrants, living chiefly in agricultural States where they have become responsible citizens.

JULY 4TH—AND AFTER

The Loyalty Parade of the foreign born on July 4, 1918, in New York City, was an inspiration to all who saw it. Members of every race in America were in the line that marched up Fifth Avenue under the proud banners of the Union. It was a spectacle full of color and beauty. The picturesque national costumes of the Alsations, the Greeks and the Swedes, alternated with the kilts of the Highlanders of Scotland and the brilliant uniforms of all the allied nations. It was a dramatic vision of the sources of America's strength, the best blood of the Old World united in a warm, pulsing stream.

It was with the help of these many races that the war was won and it will be with the peacetime help of these people that the problems which arose after the war will be solved. The same unity of purpose applied to the production of things that the world so sorely needs, will carry us over the present period of high costs and industrial unrest.

Therefore we should still regard the foreign born workers as our allies. After the flag waving of July 4th let's all put equal enthusiasm into the day's work. Let our slogan be "United for America!"

Team work will pull us through.

AMERICAN FARMERS ENJOY HOME COMFORTS

The homes of farmers in America are frequently equipped with luxuries and labor-saving devices that are seldom found in the farm houses of the "Old World." The Iowa State College of Agriculture reports the following facts on a single township in that state:

There are 142 farm homes in the township and the average size of each farm is 151 acres.

Forty per cent. of all the farm homes have running water.
Thirty-three per cent. have bathtubs.
Thirty-four per cent. have indoor toilets.
Eleven per cent. have electric lights.
Thirty-five per cent. have gas lights.
Forty-eight per cent. have power washing machines.
Twenty-six per cent. have electric or gas irons.
Fifty-four per cent. have carpet sweepers or vacuum cleaners.
Fifty per cent. have furnace, hot water or steam heat.
Ninety-three per cent. have telephones.
Forty per cent. have refrigerators.
Twenty per cent. have gas cook stoves.
Thirty-three per cent. have oil cook stoves.
Thirty-three per cent. have sleeping porches.
Fifty-six per cent. have pianos.
One hundred and twenty-five of the homes have an average library of more than 100 volumes.

WHY THEY LIKE AMERICA

A big factory in Massachusetts asked its employees in the English language class to state "What America Means to Us" and the replies indicate that it means self-respect, prosperity and liberty. What does it mean to you?

"America the land of the free and the Home of the Brave." Where one finds the roads to Success, Happiness and Contentment. Where one is given a chance to rise in the world and finds the real and true meaning of "Liberty." One thought which I welcome with great enthusiasm is * * * that I will become a full-fledged American citizen soon. Yes, I welcome that thought with my whole heart. One incident that I recall and which will live forever with me is the night the vessel was nearing New York Harbor. I was awakened by cheering immigrants, and on peering through the porthole I beheld a light in the far off distance. As the vessel came nearer I could faintly see the outline of a statue. In its right hand it held a torch the light from which seemed to light up the darkness. It seemed to welcome us. Afterwards I learned that it was the Statue of Liberty. It was a beautiful sight, yes, an inspiring sight to me.—John Filipone.

In my home town in Italy I heard about the United States where there was plenty of work and liberty. I worked for my father on his farm, starting at sunrise and often working after it was dark, the work was heavy and we saw very little money.

My friends that had been in America advised me to come over here. May 20, 1914, I landed at New York.

I am going to school at least four days a week in the company, and have taken out my first papers; so I don't think I will ever go back again. I have learned a lot and saved money.—Socorso Barbone.

I like America, I like American ways. I like to live right and wear good clothes. I did not come to America to live like a Brazilian. The old ways would not suit me now.—Candinha Forreora.

I was born in Finland. I worked on a farm with my mother and father. I heard about this country and then I wanted to come to the United States. When I arrived in America I had \$1.50. Another Finnish girl I met on the boat had a brother here in Boston. They took care of me for awhile. I worked twelve years in one family. Then I came to the company. I have worked here thirteen years, and I stay because I like it here. I am going to be a citizen next summer.—Emily Seek.

I like America because I can earn good wages. I want to save money so I can buy some property and stop working when I am old. This is possible in the United States.—Magdalena Lebyk.

I came to America because my husband said this place was a good place in which to live. And it is.—Giuseppina Pino.

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Vol. 7

Troy, N. Y., AUGUST 25, 1920

No. 3

TO THE STOVE INDUSTRY:

The following communication from the Chamber of Commerce of the United States, explains itself, and is sent you for your information.

R. S. WOOD,
Secretary.

TO TRADE ORGANIZATION:

The results of Referendum No. 31, regarding principles applicable in relations of employment, have been sent to all members of the Chamber. Having a close connection with the problems of manufacture, the Fabricated Production Department wishes to call to your attention the results of this referendum, since the questions involved are especially applicable to industry, and you may desire to place the results in detail before your own members.

We believe that among the important functions of organizations there is none greater than the education of its constituency on all matters of such vital moment that the Chamber is called upon to consider them through referendum.

In order that you may have complete material for such a purpose, we are enclosing a statement of the results in detail.

E. W. McCULLOUGH,
Manager, Fabricated Production Department.

Referendum No. 31

On the Report of the Committee on Industrial Relations Regarding Employment Relations

1. Every person possesses the right to engage in any lawful business or occupation and to enter, individually or collectively, into any lawful contract of employment, either as employer or employee. These rights are subject to limitation only through a valid exercise of public authority.

IN FAVOR 1675

OPPOSED 2

2. The right of open-shop operation, that is, the right of employer and employee to enter into and determine the conditions of employment relations with each other, is an essential part of the individual right of contract possessed by each of the parties.

IN FAVOR 1665

OPPOSED 4

3. All men possess the equal right to associate voluntarily for the accomplishment of lawful purposes by lawful means. The association of men, whether of employers, employees or others, for collective action or dealing, confers no authority over, and must not deny any right of, those who do not desire to act or deal with them.

IN FAVOR 1677

OPPOSED 4

4. The public welfare, the protection of the individual, and sound employment relations require that associations or combinations of employers or employees, or both, must equally be subject to the authority of the State and legally responsible to others for their conduct and that of their agents.

IN FAVOR 1671

OPPOSED 4

5. To develop, with due regard for the health, safety and well being of the individual, the required output of industry is the common social obligation of all engaged therein. The restriction of productive effort or of output by either employer or employee for the purpose of creating an artificial scarcity of the product or of labor is an injury to society.

IN FAVOR 1675

OPPOSED 3

6. The wage of labor must come out of the product of industry and must be earned and measured by its contribution thereto. In order that the worker, in his own and the general interest, may develop his full productive capacity, and may thereby earn at least a wage sufficient to sustain him upon a proper standard of living, it is the duty of management to co-operate with him to secure continuous employment suited to his abilities, to furnish incentive and opportunity

for improvement, to provide proper safeguards for his health and safety and to encourage him in all practicable and reasonable ways to increase the value of his productive effort.

IN FAVOR 1679

OPPOSED 2

7. The number of hours in the work day or week in which the maximum output, consistent with the health and well-being of the individual, can be maintained in a given industry should be ascertained by careful study and never should be exceeded except in case of emergency, and one day of rest in seven, or its equivalent, should be provided. The reduction in working hours below such economic limit, in order to secure greater leisure for the individual, should be made only with full understanding and acceptance of the fact that it involves a commensurate loss in the earning power of the workers, a limitation and a shortage of the output of the industry and an increase in the cost of the product, with all the necessary effect of these things upon the interests of the community and the nation.

IN FAVOR 1677

OPPOSED 3

8. Adequate means satisfactory both to the employer and his employees, and voluntarily agreed to by them, should be provided for the discussion and adjustment of employment relations and the just and prompt settlement of all disputes that arise in the course of industrial operation.

IN FAVOR 1668

OPPOSED 8

9. When, in the establishment or adjustment of employment relations, the employer and his employees do not deal individually, but by mutual consent such dealing is conducted by either party through representatives, it is proper for the other party to ask that these representatives shall not be chosen or controlled by, or in such dealing in any degree represent, any outside group or interest in the questions at issue.

IN FAVOR 1568

OPPOSED 54

10. The greatest measure of reward and well-being for both employer and employee and the full social value of their service must be sought in the successful conduct and full development of the particular industrial establishment in which they are associated. Intelligent and practical co-operation based upon a mutual recognition of this community of interest constitutes the true basis of sound industrial relations.

IN FAVOR 1664

OPPOSED 2

11. The State is sovereign and cannot tolerate a divided allegiance on the part of its servants. While the right of government employees, national, state or municipal, to be heard and to secure consideration and just treatment must be amply safeguarded, the community welfare demands that no combination to prevent or impair the operation of government or of any government function shall be permitted.

IN FAVOR 1663**OPPOSED 4**

12. In public-service activities the public interest and well-being must be the paramount and controlling consideration. The power of regulation and protection exercised by the State over the co-operation should properly extend to the employees in so far as may be necessary to assure the adequate, continuous and unimpaired operation of public-utility service.

IN FAVOR 1649**OPPOSED 18**

Federal Trade Commission

With Reference to Cumulative Quantity Discounts the Commission Has Made an Important Ruling

CUMULATIVE QUANTITY DISCOUNTS.

Dismissal has been ordered upon the Commission's own motion of complaint in Docket No. 31, entered against a large biscuit company. The trial of the case developed that the company practiced a method of competition in interstate commerce generally known as the cumulative quantity discount, that is to say, deducts from the price of goods purchased from it, a discount rate established by it upon condition that such purchaser shall have bought within a given period a certain quantity of goods. This method of competition was alleged in the Commission's complaint to have the intent and tendency of an exclusive dealing contract. It appears in this case that the company confined its calculations of the quantity discount allowances to periods not in excess of one calendar month and that, therefore, the tendency of such practice to create an exclusive dealing relationship and to restrict competition was negligible. The complaint was dismissed upon the foregoing facts, without prejudice to the right of the Commission to rule against the cumulative quantity discount principle when applied to a different state of facts.

PREMIUMS TO SALESMEN

Order in Docket No. 226 requires a dealer in bed springs and kindred products to discontinue giving premiums consisting of personal property, such as watches and diamonds, to salesmen of retail stores handling the company's products when such salesmen have been instrumental in making a sale of the respondents's products. The Commission averred that the firm in adopting its plan of giving premiums to salesmen in retail stores sought to obtain preference for the sale of its springs over the products of competing concerns whose goods were also handled by the retailers. The premiums were given with the knowledge and consent of the retailers, but without the knowledge of the public, as the salesmen did not explain to customers to whom they sold that they received a special premium on these goods.

338.06
NAB 11/12

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Vol. 7

Troy, N. Y., OCTOBER 7, 1920

No. 4

TO THE STOVE INDUSTRY:

The following letter and data explains in a most convincing manner a subject which is of vital importance to all manufacturers.

While it is not the policy of our Association to advise the Stove Manufacturer to take up such subjects with their representatives in Congress, we felt that the data submitted was of such importance that we should publish it in our Bulletin. It is the privilege of any manufacturer, to take such action as he may deem necessary, but from our Association's standpoint, we are not at liberty to recommend that any action be taken.

As stated in Mr. Boal's letter, this matter was presented at a meeting of the Western Central Stove Association, at Chicago. A committee of three was appointed to draft a resolution, strongly urging a reduction in the present Excess Profits Taxes. Copies of these resolutions are to be sent to President Wilson and Members of Congress.

Sincerely yours,

R. S. WOOD, Secretary.

THE FAVORITE STOVE & RANGE COMPANY
PIQUA, OHIO

September 24, 1920.

Mr. R. S. Wood, Sec'y,

Troy, N. Y.

Dear Mr. Wood:

You will recall that I talked to the members at the meetings in Chicago about raw materials being taxed forty-two times in a stove or range when sold at retail—the taxes representing about 30% of the retail price. Also, the Income Tax and the effect it will have on the financial condition of manufacturing concerns when inventories shrink to one-third their present value on the same material units; and that these Excess Profit Taxes are based on paper profits caused by inflation, and there is no provision made in the law for reaction when it starts. Also, the importance of moderate in place of enormous appropriations during this period of readjustment on account of the additional hundreds of millions that have to be raised through taxes annually on the war debt for interest, etc.

You will recall that this resulted in a resolution being passed that these matters be put in writing so they could be acted upon by the Association with a view of being printed and sent to all congressmen.

I have prepared this data and am pleased to enclose you two copies. You may desire to use it in some way. Surely there can be no matter of greater importance to manufacturers at present.

With kind regards.

Yours sincerely,

STANHOPE BOAL, President.

TO OUR REPRESENTATIVES IN CONGRESS

Gentlemen:—

Permit us most respectfully to call your attention to the urgency of legislation to reduce the burden of excessive taxation, one of the chief contributing causes to the high cost of living, and the great desirability of limiting all appropriations strictly to necessities during this period of readjustment.

Measuring the effects of taxation in terms of our own product, we have reached the conclusion, aided by expert accountants, as accurately as the complex nature of the problem will permit, that approximately thirty percent. of the retail price of a stove or range is directly due to taxes in one form or another. An average medium-priced range, selling to the consumer for \$120.00, represents taxes to the extent of \$36.00. This covers at least forty applications of taxes from raw material to the finished product.

In substantiation of this statement we adduce the following:

The concern that mines the iron ore pays six different taxes, as do all corporations, as follows:

Income Tax and Excess Profit Tax

Federal Capital Stock Tax

3% War Tax on Freight

State Capital Stock Tax

State and County Tax

City and Municipal Tax

These six different taxes are paid in turn by:

The transportation company hauling the ore from mines to blast furnaces.

The blast furnace that makes the pig iron.

The transportation company carrying the pig iron to the stove or range manufacturer.

The stove or range manufacturer.

The company transporting the range from manufacturer to the dealer.

The retail dealer making the final sale to the consumer.

This makes seven repetitions of the six forms of taxation enumerated above, or forty-two in all. If a jobbing company or wholesaler is used in distribution, the total is increased to forty-eight.

Added to this there are many more successive applications of taxation represented in the cost of labor and administration in the various stages of manufacture and distribution. The tax on all incomes in excess of one thousand dollars, paid by single individuals, and in excess of two thousand dollars, paid by married men, is one easily-recognized and inescapable form of taxation, and in addition there are the multitudinous forms of indirect taxation in everything used and purchased by labor, which directly result in the necessity for greatly increased wages compared with a few years ago, which wage cost is the greatest single factor in the cost of the product they make. These conditions in the stove and range industry are parallel in all other forms of manufacturing.

Considering the unprecedented increases made in certain forms of taxation we are confronted with these facts: The original Income Tax in 1909 was 2%. In two or three years it was increased to 4%. In 1918 it amounted to about 15% for the average manufacturer. In 1919, including the Excess Profit Tax, it varied from 25% to 40% for the average manufacturer, depending upon the profits in 1919 compared with pre-war profits. The difference between the original 2% Income Tax in 1909 and 25% in 1919 represents an increase of twelve hundred and fifty percent., and if 40% was paid, it shows an advance of two thousand percent.

The Federal Capital Stock Tax was originally twenty-five cents per thousand in excess of ninety-nine thousand dollars. Now it is one dollar per thousand in excess of five thousand dollars, an increase of three hundred and fifty percent.

These statements show conclusively the extent to which taxes apply in the cost and selling price of manufactured products. They cause us, as business men, to realize the necessity of curtailing and reducing the enormous appropriations that produce these taxes.

Our government, as represented by all employed in its administration, is a consumer and not a producer. Consequently, every increase in the expense of administration adds directly to the cost paid by the people without any compensating increase in production, and for this reason the necessity for economy here is all the more vital. We especially urge the repeal of the Excess Profit Tax at the earliest possible moment. The intricacy and complication of this law, the great difficulty of its fair and equitable interpretation, the necessity of applying it on a basis of investments and inventories of raw material and manufactured goods, with no provision for inevitable shrinkage from present inflated values, works a hardship and threatens disaster to many companies when the shrinkage to lower and saner levels actually occurs.

The necessity of greater capital requirements, an average of three times the amount formerly needed for the same amount of business in terms of material units, and the effect of the present curtailment of credit by financial institutions, is bearing fruit in constantly increasing cancellations, hesitancy in buying for the future, and the whole consequence is an uncertain, hectic and dangerous condition. The withdrawal of badly needed capital from business under the terms of the Excess Profits Tax, by reason of fictitious paper profits, not to be justifiably considered as such in view of the inflation of values and the impending shrinkage, is a hardship seriously threatening prosperity, and it deserves your most immediate and serious consideration.

The pathway of duty is not always pleasant, profitable or popular, but in this instance we are confident the entire people of the United States will react favorably to your corrective legislation, and to the inauguration of a program of rigid economy, and our statesmen, as a result, will receive an appreciation rarely accorded. The vast and unprecedented expenses incident to the war have given us a burden of debt that will require years to lift, and the fixed charge of hundreds of millions of dollars annually to pay the interest and reduce the principal of the debt, should be a potent stimulus to economy for years to come.

In order that our country may grow and expand and consolidate the advantages won by the war, we respectfully request the repeal of legislation that restricts and hampers the greater and freer development of legitimate business, such as Excess Profit Tax, and the administration of the affairs of our government in such a manner as to set a striking example of thrift and foresight for us as individuals.

Yours very respectfully,

STANHOPE BOAL.

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The Bulletin

National Association of Stove Manufacturers

FOR ADVANCEMENT AND DEVELOPMENT OF
EFFICIENT, ECONOMICAL AND DURABLE

STOVES AND RANGES

UNIVERSITY OF ILLINOIS
AUG 5

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Vol. 7

Troy, N. Y., NOVEMBER 1, 1920

No. 5

TO THE STOVE INDUSTRY:

Mr. B. E. McCarthy's letter to President Van Cleave (which follows) agrees with the expressions of opinion, made to your Secretary, by a number of Stove Manufacturers, located in various sections of the country, who have been making a careful study of their costs of production based on present prices of labor, materials, taxes, etc.

They have found that until there is a pronounced reduction in the costs of these items, that it is impossible to reduce their present selling prices without sacrificing the normal profit which the goods now bear.

We are of opinion that this statement reflects the conditions existing throughout the entire industry.

Sincerely yours,

R. S. WOOD, Secretary.

PHILLIPS & BUTTORFF MFG. CO.
Nashville, Tennessee

October 26, 1920.

Mr. Lee W. Van Cleave, President,
National Association of Stove Manufacturers,
St. Louis, Mo.
Dear Lee:—

I have your very kind letter of the 4th inst., with reference to the present situation and future outlook as to stove business.

I have seen very few stove manufacturers since the recent decline in market prices on some commodities, but as far as I am able to figure there is no reason for any decline in present stove prices, and I have not heard of anyone that has been able to make reductions.

At the last meeting of Southern Stove Manufacturers it was learned that several were sold up for the entire balance of the year, and the majority were sold up to about November 1st. We expect to be cleaned up by November 1st with all present business now on hand. So far, new business is very slight, however, we expect the cold weather to bring in a new volume that will give to us about all we would want for the balance of the year.

In fact we are very willing and somewhat anxious to once again be able to start the new year with a reasonable stock on hand, for we really are tired of running from hand to mouth, working strenuously with all kinds of drawbacks in the shipment of every car we succeed in loading. For my part I welcome more normal times.

Of course all of us are going to sell stoves cheaper some day—this will be when we are compelled to do so, and, of course, there is no doubt but that a decline will come prior to an actual decline in our cost, at the same time I do hope the stove men in general will not get excited and nervous over the first little flurry that comes.

I consider that the next sixty days will be a serious period in the stove business and if we get nervous and filled with fear as to the future we are liable to go to pieces, and again repeat what we have never yet failed to do by going out, loading ourselves down with more business than we can take care of at unprofitable prices and then advance our prices after we have booked our production.

I always am a believer in basing the future somewhat on the past—just go back and recall our experience in apparent depressed times. I do not recall the year 1893 for I had not been at the business then very long, but I do remember 1900 as being depressive with us; then came the little so-called forced panic of 1907; then take seven years more in 1914, the experience of which we all clearly remember. My recollection is with these little depressions we all tried to give our goods away, which never produces good business, usually piles a lot of accounts on our books from which we cannot collect money; then soon thereafter times would get better and we would be again in a position where we could not make stoves fast enough.

I remember on July 1st, 1907, we had in stock 42,000 stoves and ranges, by far the largest accumulation in the history of our business. We were cutting prices to beat the band, throwing out all kinds of unbusinesslike inducements to have the trade take our stoves with unusual long terms; then I remember on January 1, 1908, our stock was so depleted again we were running at race horse speed in an effort to produce goods fast enough for the demand. And I think that we all remember that a few years thereafter we had good business, in fact up until the outbreak of the European war.

My position at this time will remain, unless something unforeseen happens, that we will have a good business next year, in fact, I believe for ten or fifteen years notwithstanding the fact that we may have for the next few months a very disturbing market with very few possibilities of decreasing our cost.

I am going to be of the judgment that first class merchandise in our warehouse will be just as good an asset as doubtful accounts on our books. I believe we can borrow as much money on merchandise as we can on accounts and bills receivable.

Of course we would naturally be willing to furnish our customers all of our goods that they would need for their legitimate requirements, but we will not care to force upon them a larger stock than they will be able to handle and pay for.

You know when crops in the South, such as tobacco and cotton, are off in price the farmer goes to holding these crops for a higher market, and he can do so only by failing to pay his merchant what he owes him and in turn the merchant failing to pay the manufacturer. Largely in a true sense crops are held with finances of the original producer or distributor of finished merchandise.

I believe this is true, for you know when you have \$500,000 on your books that you cannot collect the merchant tells you he cannot pay because he cannot collect, and the reason he does not collect is because the farmer is not moving his product.

I have full confidence in the future, the only seriousness of the situation being temporarily, the outcome of which depends upon the intelligence with which we bridge over the uncertain period.

I will welcome a well justified reduction in the price of stoves. I will be willing to reduce the price of stoves before our cost is reduced providing we can figure with full assurance that costs will be reduced, but until then I am strong for present prices and feel that we are entitled to same for certainly stoves have been justly priced with no opportunity to arbitrarily reduce them simply because they have been too high. This is not true with some other commodities, in my opinion, such as automobiles, silk shirts, etc.

Certainly the stove people are entitled to be the last ones to reduce prices for it is a well known fact, admitted by the buyers themselves, that they have never failed to be the last ones to advance prices.

With my very kindest regards and best wishes, I beg to remain.

Yours very truly,

B. E. McCARTHY, President,
Phillips & Buttorff Mfg. Co.

EXCESS PROFITS TAXES

We are in receipt of further advice on the tax question from Mr. Stanhope Boal, which we consider so pertinent that we present same for your consideration.

As suggested by Mr. Boal, one should not get too highly elated over the apparent "Paper Profits" as shown during the past few years, else when the process of deflation and shrinkage have been passed through there may be a sad awakening.

MR. BOAL'S IDEAS

If the inventory of an ordinary size concern in the Stove, Range or Furnace industry amounted to \$500,000 before the war, (I mean by inventory, only such things as merchandise, materials, supplies and product) the same amount of this in material units at the present market value would amount to at least \$1,250,000.

The Excess Profit Taxes are based and figured on this inflation and increase in the inventory. The tax is paid on this inflated basis. When this inventory shrinks to saner, and more normal values during the next few years it will show a loss of about \$750,000, if the values go no lower than a few years ago, but it is not unreasonable to suppose that from such an extreme inflation, there will be a corresponding extreme reaction and deflation that in time may make the inventory on the same quantity of materials and supplies less than it was years ago before the war. If, however, the value reaches no lower basis than then, the business will have to stand a shrinkage in the next few years, during the period of deflation, of \$750,000. It behooves business men to ask themselves what provision are we making for this shrinkage? It is short-sighted business policy that recognizes only the credits and does not consider the debits that follow. Will the profits be sufficient to off-set this shrinkage in the inventories—the shrinkage may amount to more than the profits and the business will show loss.

The Excess Profit Tax Law does not provide for depreciation on inventories. Those who made this law did not think far enough ahead.

Buildings erected during this period of inflation that cost three times as much as they would previously, must be taken up according to the rulings of the Government experts, and on a basis of full cost with a shrinkage of 2% only per annum on cement buildings, 3% on brick buildings and 6% on frame buildings, and only 10% can be deducted for depreciation on machinery bought at the present market prices. The Excess Profit Taxes are collected on this basis and without any protection or provision for reaction and deflation that will inevitably follow.

Many concerns may be elated over their profits this year and during the past few years, but these profits are based on inflation and largely on advances in inventories. The Excess Profits Taxes are paid on this basis. The capital is taken from the business in this severe manner and dividends and advanced salaries are paid under the impression that this can be done to a very liberal extent on account of the profits, and without sufficient provision for deflation that will inevitably follow, and which the law will not permit. Many concerns who are now considerably in debt will find themselves insolvent in a few years, as there will be no deflation in the liabilities, like in the inventory.

The Excess Profit Tax is a destructive, bad law and shows no consideration to protect the business concerns of the country when conditions change and it is thought by some have started. No concern can continue for years in business and keep themselves in good financial condition under such a policy.

Inflation has necessarily very greatly increased the liabilities with many concerns, as it requires about three times as much working capital now for the same material units as it did before the war. As evidence of this, hundreds of first-class manufacturing concerns have issued many hundreds of millions of dollars of 7 and 8% preferred stock during the past two years. They have to have the money from the sale of this stock to pay their debts.

Add to these 7 and 8% cumulative preferred stocks the Underwriter's fee and it costs the concerns about 8 and 9%. It is not an economic or good business policy to burden concerns with preferred stock on a basis of 8 and 9% for years to come.

It appears by the time Congress convenes in December, that there will be a very strong influence brought to bear to repeal this destructive Excess Profit Tax Law and collect taxes in some other way not so deceptive, destructive, complicated and humiliating and at the same time give the Government the revenue required.

Men who prepare and pass a law of this kind should understand the conditions well enough at least to appreciate the effect and results on the business interests of the country and which legislation should protect and not destroy.

Yours very respectfully,

STANHOPE BOAL.

STOVE REGISTER

It has been suggested that our National Association publish a "Stove Register" to include the names of all cooking and heating stoves and ranges of all descriptions, together with their sizes. It is possible it may be best to arrange this list in two classes, one giving the name of current goods now being produced, and the other names of any styles for which repairs are now furnished but which goods have been eliminated from general production.

It may also be advisable to register "trade mark" names showing how long used and, if registered, date of registration and registration number. In our annual report of proceedings we have a list of trade mark names but question whether it is complete.

The manufacturer who suggested this matter is of opinion that the book would be very valuable to each individual stove manufacturer. The cost of the book will be rather large and we imagine the book itself will be very bulky.

We should like very much to have an expression of opinion from each stove manufacturer regarding the advisability of publication of such a book and whether, in their opinion, its sale at cost of production would warrant its publication.

We trust that each manufacturer will favor us with advice on this subject and if they have any suggestions to offer we shall be pleased to receive same.

R. S. WOOD, Secretary.